

Ringways Garages (Doncaster) Limited

Annual report and financial statements
for the year ended 31 December 2018
Registered number 00282527



Contents

Strategic Report	1
Directors' report	2
Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	3
Independent auditor's report to the members of Ringways Garages (Doncaster) Limited	4
Profit and Loss Account	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes	9

Strategic Report

Ringways Motor Group comprises Ringways Garages (Leeds) Limited, Ringways Garages (Doncaster) Limited and Ringways Hire & Leasing Limited. The commentary below considers the overall performance of the Group.

The Group has continued to enjoy, and take full advantage of, its long-term vision for stability and profitability through its thorough understanding of this complex Automotive sector. Tight controls of the Departmental expenses and strong leadership from the experienced Senior Management team have enabled the business to perform well during 2018.

Although a more challenging year for the New Car Industry with the market down 6.9%, it still delivered over 2.4 million vehicles. Many Manufacturers suffered from the effects of Brexit and a weak pound which was further compounded by negative press regarding emissions and diesel engines, along with concerns over increased costs.

The Group's annual Manufacturer volumes were all achieved, although the income from this volume was significantly down year-on-year which had an impact on New Car and Commercial Vehicle profitability.

The Group's Used Car operations continued to deliver strong results with improved vehicle margins, excellent stock control and a stable Management team. Used vehicles have become a real strength to the Group and we must keep our focus for this growing market opportunity.

The Group's Aftersales operations continue to be the backbone of our business with the benefit of record sales over the past six years. This means we can continue to look forward to a strong Aftermarket performance during 2019.

Ringways Hire & Leasing delivered strong year-on-year unit growth in sales and profitability. We expect to see further growth in 2019 through the development of new on-line products in this very competitive channel.

The Board see no reason why the Group should need to make any contributions to the scheme for the foreseeable future as it sits at a surplus on an on-going basis.

The Board have taken a very prudent approach to the 2019 budget with the current uncertainties in this sector due to Brexit. We have challenged the business to deliver growth through Aftersales and Used Vehicles which we control.

The Group will also benefit from the opening of our new Kia operation in Leeds which has performed extremely well during its first trading year.

By order of the board



Guy Roberts
Director

Whitehall Road
Leeds
LS12 5NL

27 March 2019

Directors' report

The directors submit their annual report and the audited financial statements of the company for the year ended 31 December 2018.

Principal activities

The company carries on the business of motor trade dealer and repairer.

Dividends

During the year a Dividend totalling £Nil (2017: £832,520) was paid to the parent company, Wortlea Estates (Leeds) Limited.

Directors

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

GB Roberts

SJ Russell

MJ Brook

RHR Innes

RN Roberts

Political contributions

The Company made no political donations or incurred any political expenditure during the current or prior year.

Disclosure of information to auditor

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

Auditor

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

By order of the board



Guy Roberts
Director

Whitehall Road

Leeds

LS12 5NL

27 March 2019

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RINGWAYS GARAGES (DONCASTER) LIMITED

Opinion

We have audited the financial statements of Ringways Garages (Doncaster) Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of current assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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;

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Claire Needham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

27 March 2019

Profit and Loss Account
for year ended 31 December 2018

	<i>Note</i>	2018 £	2017 £
Turnover	2	14,301,048	14,293,932
Changes in stocks of finished goods and work in progress		(46,151)	116,421
Raw material and consumables		(13,129,071)	(13,281,132)
Staff costs	4	(738,713)	(715,652)
Depreciation		(27,404)	(70,474)
Other operating costs		(369,620)	(308,175)
Operating profit	3-5	(9,911)	34,920
Interest payable and similar charges	6	(25,427)	(23,495)
Profit on ordinary activities before taxation		(35,338)	11,425
Tax on profit on ordinary activities	7	-	-
Profit for the financial year		(35,338)	11,425

The results reflected above are entirely in relation to continuing operations.

The company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of other comprehensive income has been prepared.

Notes from pages 9 to 19 form part of the financial statements.

Balance Sheet
at 31 December 2018

	<i>Note</i>	2018 £	2018 £	2017 £	2017 £
Tangible fixed assets	8		70,558		91,872
Current assets					
Stocks	9	1,169,583		1,215,734	
Debtors	10	501,221		633,239	
Cash at bank and in hand		198,900		176,787	
		<u>1,869,704</u>		<u>2,025,760</u>	
Creditors: amounts falling due within one year	11	<u>(1,272,075)</u>		<u>(1,414,107)</u>	
Net current assets			597,629		611,653
Total assets less current liabilities			<u>597,629</u>		<u>611,653</u>
Net assets			668,187		703,525
Capital and reserves					
Called up share capital	13		41,626		41,626
Profit and loss account			625,371		660,709
Capital reserve			1,190		1,190
Shareholders' funds			<u>668,187</u>		<u>703,525</u>

These financial statements were approved by the board of directors on 27 March 2019 and were signed on its behalf by:



Guy Roberts
Director

Company registered number: 282527

Notes from pages 9 to 19 form part of the financial statements.

Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Capital reserve £	Total equity £
Balance at 1 January 2017	41,626	1,481,804	1,190	1,524,620
Total comprehensive income for the period				
Profit	-	11,425	-	11,425
Transactions with owners, recorded directly in equity				
Dividends paid	-	(832,520)	-	(832,520)
Balance at 31 December 2017	41,626	660,709	1,190	703,525

	Called up Share capital £	Profit and loss account £	Capital reserve £	Total equity £
Balance at 1 January 2018	41,626	660,709	1,190	703,525
Total comprehensive loss for the period				
Profit	-	(35,338)	-	(35,338)
Transactions with owners, recorded directly in equity				
Dividends paid	-	-	-	-
Balance at 31 December 2018	41,626	625,371	1,190	668,187

Notes from pages 9 to 19 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Ringways Garages (Doncaster) Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in England, UK. The registered number is 00282527, and the registered address is Whitehall Road, Leeds, LS12 5NL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The Company's ultimate parent undertaking, Wortlea Estates (Leeds) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Wortlea Estates (Leeds) Limited are available to the public and may be obtained from (upon payment of appropriate fees) by writing to Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Wortlea Estates (Leeds) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- FRS102.33.1A: Disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons:

- The Group meets its day to day working capital requirements through an overdraft facility and vehicle stocking loans provided by its bank. At 31 December 2018 its undrawn overdraft facility was £3,844,297.
- On 19 March 2019 the group successfully renewed its banking facilities with HSBC for a 12 month period, confirming continued working capital facilities. The group's total overdraft facilities are £4,000,000.

The Company and the Group have prepared budgets and cash flow projections for the 12 months from the date of approval of the accounts. The Company's Directors have considered these forecasts, taking into account reasonably possible changes in trading performance, and have concluded that the Company and the Group should be able to operate within the level of its current facilities.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern *(continued)*

After making enquiries, the Company's Directors have a reasonable expectation the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in the preparation of the financial statements.

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Notes (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Plant and machinery 15% to 33⅓%
- Fixtures and fittings 15%

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is actual purchase price of the vehicle. Provision is made for obsolete, slow moving or defective items where appropriate.

Vehicles held on consignment from manufacturers that are subject to interest charges, or where the terms of the consignment agreement and commercial practice indicate principal benefits and inherent risks of ownership similar to those attached to owned assets, are included at cost in the balance sheet and the related liabilities are included in creditors. Vehicles held on consignment not meeting these criteria are disclosed in the notes to the financial statements but are not recognised in the balance sheet.

1.7 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Group Plans

The Company's employees are members of a group wide defined benefit pension plan. Ringways Garages (Leeds) Ltd as a member of the group is the entity legally responsible for the plan. The Company recognises a cost equal to its contribution payable for the period.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.10 Turnover

Turnover comprises sales of motor vehicles and parts, income from financing agreements and income from servicing, repairing and hiring of vehicles. Value added tax is excluded.

Revenue from the sale of goods is recognised upon transfer to a third party of economic benefits arising from the use of an asset or service. In practice this means that revenue is recognised when vehicles are invoiced and physically despatched or when the service has been undertaken.

Turnover relates entirely to the United Kingdom and from a single class of business.

Notes (continued)

1 Accounting policies (continued)

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

1.13 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.14 Accounting estimates and judgements

There have been no significant accounting estimates or judgements in the year.

Notes (continued)

2 Turnover

	2018 £	2017 £
Sale of goods	14,301,048	14,293,932

3 Expenses and auditor's remuneration

Amounts receivable by the Company's auditor in respect of services to the Company, including the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Wortlea Estates (Leeds) Limited. The costs were borne by another group undertaking.

4 Staff numbers and costs

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

	Number of employees	
	2018	2017
Sales and admin	26	26
	26	26

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	659,664	646,258
Social security costs	65,863	58,258
Contributions to defined contribution plans	13,186	11,136
	738,713	715,652

5 Directors' remuneration

The directors are remunerated for their services to the company and to fellow group undertakings. The emoluments are paid by a fellow group undertaking.

The directors provide services across all of the group companies, however an apportionment exercise has not been completed, as any amounts allocated would be done so on an arbitrary basis.

The emoluments of the highest paid director are disclosed in the financial statements of Ringways Garages (Leeds) Limited.

Notes (continued)

6 Interest payable and similar charges

	2018 £	2017 £
Interest payable on manufacturer stocking loans	25,427	23,495
Total other interest payable and similar charges	<u>25,427</u>	<u>23,495</u>

7 Taxation

Total tax expense recognised in the profit and loss account

	2018 £	£	2017 £	£
<i>Current tax</i>				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		-	
Change in tax rate	-		-	
Utilisation of tax losses	-		-	
Total deferred tax		-		-
Total tax		-		-

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2018 £	2017 £
(Loss)/Profit for the year	(35,338)	11,425
Total tax expense	-	-
	<hr/>	<hr/>
(Loss)/Profit excluding taxation	(35,338)	11,425
Tax using the UK corporation tax rate of 19 % (2017: 19.25%)	(6,714)	2,199
Non-deductible expenses	-	10,206
Recognition of previously unrecognised tax losses	(424)	(12,405)
Group relief not paid for	7,138	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	-	-
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2016 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2018. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Notes (continued)

8 Tangible fixed assets

	Plant, Machinery, fixtures and fittings £	Total £
Cost		
Balance at 1 January 2018	402,042	402,042
Additions	6,090	6,090
	<hr/>	<hr/>
Balance at 31 December 2018	408,132	408,132
	<hr/>	<hr/>
Depreciation and impairment		
Balance at 1 January 2018	310,170	310,170
Depreciation charge for the year	27,404	27,404
	<hr/>	<hr/>
Balance at 31 December 2018	337,574	337,574
	<hr/>	<hr/>
Net book value		
At 1 January 2018	91,872	91,872
	<hr/>	<hr/>
At 31 December 2018	70,558	70,558
	<hr/>	<hr/>

9 Stocks

	2018	2017
	£	£
Raw materials and consumables	29,342	34,666
Vehicle stock	749,142	734,264
Vehicle consignment stock	391,099	446,804
	<hr/>	<hr/>
	1,169,583	1,215,734
	<hr/>	<hr/>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £13,175,222 (2017: £13,164,711).

Notes (continued)

10 Debtors

	2018 £	2017 £
Trade debtors	82,384	112,531
Amounts owed by group undertakings	376,831	488,075
Prepayments and accrued income	42,006	32,633
	<hr/>	<hr/>
Debtors due within one year	501,221	633,239
	<hr/>	<hr/>

The intercompany loans are repayable on demand, and are non-interest bearing

11 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts (secured)	-	-
Vehicle stocking loans (secured)	263,496	357,062
Trade creditors	875,071	974,399
Taxation and social security	76,270	47,157
Accruals and deferred income	57,238	35,489
	<hr/>	<hr/>
	1,272,075	1,414,107
	<hr/>	<hr/>

The intercompany loans are repayable on demand, and are non-interest bearing.

The bank overdrafts and vehicle stocking loans bear interest at variable rates linked to the Base Rate, are repayable on demand and are secured by way of fixed and floating charge over the assets of the company and the group.

12 Deferred tax assets and liabilities

Unrecognised deferred tax assets are attributable to the following:

	2018 £	2017 £
Accelerated capital allowances	16,088	19,511
Employee benefits	-	250
Unused tax losses	41,944	41,944
	<hr/>	<hr/>
Tax assets	58,032	61,705
	<hr/>	<hr/>

At 31 December 2019 there is an unrecognised deferred tax asset of £58,032 (2017: £61,705), primarily relating to trading losses carried forward. The asset has not been recognised on the basis that it is not expected that the losses will be utilised in the foreseeable future.

The deferred tax assets have been calculated at 17% (2017: 17%) based on corporation tax rates substantively enacted at the balance sheet date.

Notes (continued)

13 Capital and reserves

Share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
41,626 ordinary shares of £1 each	41,626	41,626
	<hr/>	<hr/>
	41,626	41,626
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £	2017 £
Less than one year	-	-
Between one and five years	343,325	431,925
More than five years	-	-
	<hr/>	<hr/>
	343,325	431,925
	<hr/>	<hr/>

During the year £88,600 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £67,556).

16 Related parties

Identity of related parties with which the Company has transacted

Related parties of the company are group and other members within the group. Transactions in the year include sales of cars to another member of the group, management charges and other similar charges from group.

The wholly-owned exemption has been taken, the disclosures below relate to Ringways (Hire & Leasing) Ltd, who is 98% owned by the Group.

Other related party transactions

	Receivables outstanding 2018 £	2017 £	Creditors outstanding 2018 £	2017 £
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	970	1,117	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	970	1,117	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Wortlea Estates (Leeds) Limited. The ultimate controlling party is Wortlea Estates (Leeds) Limited.

The consolidated financial statements of this group are available to the public and may be obtained (upon payment of appropriate fees) by writing to Companies House, Crown Way, Cardiff, CF14 3UZ.