

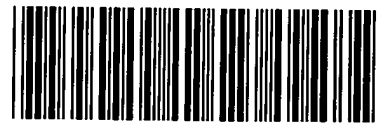
Company Registration Number 2051461

Marshall Motor Holdings Limited

Report and Financial Statements

31 December 2014

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Marshall Motor Holdings Limited

Financial Statements

Year Ended 31 December 2014

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Marshall Motor Holdings Limited

Officers and Professional Advisers

The Board of Directors

Sir Michael Marshall, CBE DL
R. D. Marshall
W.C.M. Dastur
D. Gupta
F. Laud
P.G. Cakebread
C.M.H. Walkinshaw
P.W. Johnson

Company secretary

S.J. Moynihan

Registered office

Airport House
The Airport
Newmarket Road
Cambridge
CB5 8RY

Auditor

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Bankers

Barclays Bank PLC
9-11 St Andrew's Street
Cambridge
CB2 3AA

Solicitors

Greenwoods Solicitors LLP
Monkstone House
City Road
Peterborough
PE1 1JE

Dentons UKMEA LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1FE

Marshall Motor Holdings Limited

Strategic Report

Year Ended 31 December 2014

Principal activities and review of the business

The activities of Marshall Motor Holdings Limited and its subsidiaries (the 'Group') continue to consist primarily of car and commercial vehicle sales, leasing, servicing of vehicles and associated activities.

The Group continued to make good progress towards its strategic objectives of achieving good organic growth through the optimisation of the operating model and also growth through carefully chosen acquisitions.

The Group completed numerous transactions in the year.

January 2014	Cambridge DAF	Disposal
June 2014	Volvo Bishops Stortford	Acquisition
July 2014	Halesworth Land Rover	Acquisition
August 2014	Milton Keynes Mazda	Disposal
	Milton Keynes Renault	
August 2014	Scunthorpe BMW	Acquisition
	Grimsby BMW/MINI/BMW Bikes	
	Boston Nissan	
	Lincoln Nissan	
	Grantham Nissan	
October 2014	Cambridge Nissan	Disposal

The Group's financial performance is assessed primarily by turnover and operating profit as disclosed in the primary statements. However, the Group also uses other key performance indicators to monitor performance including sales activity, capacity utilisation, margins and fleet growth. These are reported in the management accounts and reviewed regularly by management.

	2014	2013
New retail and fleet sales units	31,951	27,250
Used sales units	25,598	23,395
Service hours sold	625,627	601,995
Leasing funded fleet	6,031	5,610

UK new car registrations reached a 10-year high in 2014 with 2.48m registrations, which was up 9.3% on the prior year. The buoyancy of the new car market, combined with pleasing contributions from recent acquisitions and good organic growth meant that Motor Holdings enjoyed a buoyant year in 2014.

Future developments

The Group's strategic vision is to be regarded as the UK's premiere automotive retail and leasing Group. The Group will continue to focus on achieving this goal through:

- the performance optimisation of the business
- offering outstanding customer service
- demonstrating retailing excellence
- building strong relations with our brand partners and key suppliers, and
- by being a great place to work.

Results and dividends

The consolidated profit for the financial year amounted to £8,552,182 (2013- £6,371,930). A dividend of £4,500,000 was paid during the year (2013 - £3,000,000). Particulars of dividends paid are detailed in note 9 to the financial statements.

Marshall Motor Holdings Limited

Strategic Report (*Continued*)

Year Ended 31 December 2014

Business conditions, general economy and government policy

The profitability of the Group's businesses will continue to be influenced by the general economic conditions in the UK. Factors such as unemployment, interest rates, exchange rates and inflation or deflation can all impact the markets in which the Group operates and effect demand. Action taken by the UK Government relating to the taxation of private cars, encouraging the sale of older age cars and the availability and cost of credit will continue to significantly affect the market for the sale of new and used motor cars. For new car sales, another economic downturn could lead to pressure on margins. Any economic pressures in the UK will have an impact on the various aftersales businesses of the Group, whilst a sustained downturn over a number of years would be likely to lead to reduced profits in such businesses.

Franchises and agreements

The Group operates motor car franchises. The loss of a franchise would result in a significant reduction in the profits of the Group due to the inability then to source new product or vehicles to sell, perform warranty repairs or carry out maintenance activity.

Vehicle manufacturer dependencies

There is also some dependence on the vehicle manufacturers' financial condition, marketing, vehicle design, production capabilities, reputation, management and industrial relations. Although the Group is not unduly dependant on any single vehicle manufacturer, a failure by a manufacturer could lead to significant losses through irrecoverable debts, losses on the disposal of vehicles, possible customer warranty claims and potential site closure costs. Vehicle manufacturers provide sales incentive, warranty and other programmes which are intended to promote new vehicle sales. A withdrawal or reduction in these programmes would have an adverse impact on the Group's margins and business overall.

Regulatory compliance risk

The Group is subject to a regulatory compliance risk which can arise from a failure to comply fully with the laws, regulations or codes applicable, for example, those set out by the Financial Conduct Authority, Trading Standards, Vehicle Operators and Services Agency (VOSA), local authorities and the manufacturers we represent. Non-compliance can lead to fines, enforced suspension from sales of general insurance products or public reprimand or, in the extreme, closure of parts of the business.

Competition

The markets in which the Group operates are intensely competitive. The Group competes with other franchised operations, private buyers and sellers, internet based dealers, independent service and repair shops and manufacturers or supermarket retailers who enter the retail market. The Group competes for the sale of new and used vehicles, the performance of warranty repairs, non-warranty repairs, routine maintenance business and for the provision of spare parts. The principal competitive factors across all these marketplaces are price, quality of customer service, familiarity with the manufacturers' products and the quality of the customer database.

The 'block exemption' regulations under EC law suspend normal competition rules to allow motor manufacturers and distributors to operate specialised distribution and repair outlets. Any significant change to this position could have an adverse impact on the Group's motor franchise operations.

Reputational risk

As part of one of the largest motor dealer groups in the United Kingdom, external and internal expectations of the Group are high. A failure to protect the Group's reputation and brands could lead to a loss of trust and confidence which could reverberate across the Group and, in turn, result in a decline in the customer base. This could also ultimately affect the ability of the Group to recruit and retain good people.

Information risk

The Group is dependent on the efficient and uninterrupted operation of its information technology and computer systems, which are vulnerable to damage or interruption from power loss, telecommunications failures, sabotage, vandalism or similar misconduct. Whilst the Group has put in place insurance cover, and also contingency and disaster recovery plans, in order to mitigate the impact of such failures, it can never be certain that these plans could cover every eventuality or situation or fully recompense every loss.

Marshall Motor Holdings Limited

Strategic Report (Continued)

Year Ended 31 December 2014

Reliance on the use of significant estimates of residual values

The Group enters into contract hire agreements for vehicles whereby it estimates the residual value of the asset at the end of the agreement. Agreements vary in length generally between two and four years with depreciation being applied on a straight line basis over the term of the agreement. When the agreements terminate the vehicles are sold with profits or losses being recognised against the book value at the point of disposal. The Group operates a robust independent analysis tool to monitor this area and will manage any exposure should the trend analysis predict it.

Liquidity and financing risks

Liquidity and financing risks relate to the ability to pay for goods and services required by the Group to trade on a day-to-day basis. The Group has treasury arrangements in place within the Marshall of Cambridge (Holdings) Ltd Group and as a result, the exposure to interest rate movements is minimal and there is no significant currency risk. The Group is exposed to credit risk for goods and services delivered on agreed credit terms. The risk is managed by putting credit limits into place, dependent upon the applicable credit rating and value of the exposure. Credit ratings for each counterparty are reviewed regularly.

The Group has external financing facilities with banks by way of borrowing facilities and from suppliers by way of trade credit. A withdrawal of financing facilities or a failure to renew them as they expire could lead to a significant reduction in the trading ability of the Group. Cash forecasts identifying the liquidity requirements for the Group are produced regularly and are reviewed regularly by the Group Finance function and the Board to ensure that the Group has sufficient cash resources or facilities for at least a 12 month period. The Group's policy is to maintain a minimum level of facilities and ensure the funding of the Leasing fleet is achieved partly by debt matched in its maturity to the life of the vehicles leased out.

Fixed assets

As disclosed in note 11 to the financial statements, the Group's investment properties are subject to formal valuations every three years complemented by Director's own estimates of value in the intervening years.

Going concern

On the basis of their assessment of the company's financial position, including the Group's current dependence on the treasury function managed by Marshall of Cambridge (Holdings) Limited the Group's Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board on 10th March 2015 and signed on its behalf.



S.J. Moynihan
Company Secretary

Marshall Motor Holdings Limited

The Directors' Report

Year Ended 31 December 2014

The Directors present their report and the financial statements of the Group for the year ended 31 December 2014.

Directors

The Directors who served during the year were as follows:

Sir Michael Marshall, CBE DL

R. D. Marshall

W.C.M. Dastur

D. Gupta

F. Laud

P.G. Cakebread

C.M.H. Walkinshaw

P.W. Johnson

(appointed 27th June 2014)

In accordance with the Articles of Association C.M.H. Walkinshaw and F. Laud retire by rotation and P.W. Johnson retires on first appointment and, being eligible, offer themselves for re-election.

Political contributions

During the year, the Group made no political contributions (2013- £nil).

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitude and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

During the year the policy of providing employees with information about the Marshall Group has been continued through the newsletter 'Marshall Matters', team briefings and through our global email network. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Post balance sheet events

Subsequent to the year end the company received dividends from Marshall Motor Group Limited (£5,000,000) and Marshall Garage Properties Limited (£10,000,000) and paid a dividend of £15,000,000 to the parent company. On 4th March 2015, the company changed its name from Marshall of Cambridge (Motor Holdings) Limited to Marshall Motor Holdings Limited

Disclosure of information to auditors

In so far as each of the persons who were Directors at the date of approving these financial statements is aware:

- There is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that.

Auditor

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 10th March 2015 and signed on its behalf.



S.J. Moynihan
Company Secretary

Marshall Motor Holdings Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2014

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Shareholders of
Marshall Motor Holdings Limited
Year Ended 31 December 2014

We have audited the financial statements of Marshall Motor Holdings Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group statement of total recognised gains and losses, the Group and Parent Company Balance Sheets and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Shareholders of
Marshall Motor Holdings Limited
Year Ended 31 December 2014 *(Continued)*

Matters on which we are required to report by exception

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

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



Bob Forsyth (Senior Statutory Auditor)
For and on behalf of
Ernst & Young LLP
Cambridge

10th March 2015

Marshall Motor Holdings Limited

Group Profit and Loss Account

Year Ended 31 December 2014

		2014		2013	
	Note	£	£	£	£
Turnover:	2				
Continuing operations		1,040,828,183		827,862,408	
Acquisitions		45,054,980		112,643,281	
Group turnover			1,085,883,163		940,505,689
Cost of sales			(959,712,130)		(826,707,118)
Gross profit			126,171,033		113,798,571
Administrative expenses			(112,360,444)		(102,518,378)
Operating profit:	3				
Continuing operations		13,828,313		11,012,464	
Acquisitions		(17,724)		267,729	
Group operating profit			13,810,589		11,280,193
Interest payable and similar charges	6		(2,350,747)		(2,359,460)
Profit on ordinary activities before taxation			11,459,842		8,920,733
Tax on profit on ordinary activities	7		(2,911,113)		(2,551,479)
Profit on ordinary activities after taxation			8,548,729		6,369,254
Minority interests			3,453		2,676
Profit attributable to members of the parent company	24		8,552,182		6,371,930
Profit for the financial year			8,552,182		6,371,930

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 13 to 27 form part of these financial statements

Marshall Motor Holdings Limited
Group statement of total recognised gains and losses
Year Ended 31 December 2014

	Note	2014 £	2013 £
Statement of total recognised gains and losses			
Profit for the financial year		8,552,182	6,371,930
Unrealised surplus on revaluation of investment properties	24	-	264,874
Total recognised gains and losses related to the year		<u>8,552,182</u>	<u>6,636,804</u>

The notes on pages 13 to 27 form part of these financial statements

Marshall Motor Holdings Limited

Group Balance Sheet

31 December 2014

		2014		2013	
	Note	£	£	£	£
Fixed assets					
Intangible assets	10		17,737,345		7,418,416
Tangible assets	11		92,956,922		83,689,501
Investments	12		10,000		10,000
			<u>110,704,267</u>		<u>91,117,917</u>
Current assets					
Stocks	13	163,011,010		134,958,474	
Debtors	14	74,277,983		78,077,804	
Cash at bank and in hand		<u>1,825,933</u>		<u>1,759,111</u>	
		239,114,926		214,795,389	
Creditors: Amounts falling due within one year	15	<u>(251,410,295)</u>		<u>(212,833,142)</u>	
Net current (liabilities)/assets			<u>(12,295,369)</u>		<u>1,962,247</u>
Total assets less current liabilities			98,408,898		93,080,164
Creditors: Amounts falling due after more than one year	16		<u>(33,783,532)</u>		<u>(32,503,527)</u>
			64,625,366		60,576,637
Minority interests			<u>(35,851)</u>		<u>(39,304)</u>
			<u>64,589,515</u>		<u>60,537,333</u>
Capital and reserves					
Called-up equity share capital	23		2,250,000		2,250,000
Profit and loss account	24		62,074,641		58,022,459
Revaluation reserve	24		<u>264,874</u>		<u>264,874</u>
Shareholders' funds	25		<u>64,589,515</u>		<u>60,537,333</u>

These financial statements were approved by the board on 10th March 2015 and signed on its behalf.


D. Gupta

Director

Company Registration Number: 2051461

The notes on pages 13 to 27 form part of these financial statements

Marshall Motor Holdings Limited

Company Balance Sheet

31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Investments	12	29,634,746	18,019,156
Current assets			
Debtors	14	8,359,768	675,000
Creditors: Amounts falling due within one year	15	<u>(27,633,489)</u>	<u>(7,172,555)</u>
Net current liabilities		(19,273,721)	(6,497,555)
Net assets		<u>10,361,025</u>	<u>11,521,601</u>
Capital and reserves			
Called-up equity share capital	23	2,250,000	2,250,000
Profit and loss account	24	<u>8,111,025</u>	<u>9,271,601</u>
Shareholders' funds	25	<u>10,361,025</u>	<u>11,521,601</u>

These financial statements were approved by the board on 10th March 2015 and signed on its behalf.


D. Gupta

Director

Company Registration Number: 2051461

The notes on pages 13 to 27 form part of these financial statements

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year Ended 31 December 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and investment properties, and comply with United Kingdom accounting standards. The true and fair override provisions of the Companies Act 2006 have been invoked. See 'Investment Properties' below.

Basis of consolidation

The Group financial statements consolidate the financial statements of the parent company and its subsidiary undertakings, all of which are made up to 31st December each year.

All acquisitions are accounted for on a fair value basis.

No profit and loss account is prepared for the parent company as provided by Section 408 of the Companies Act 2006. The profit of the parent company is detailed in note 8 to the financial statements.

Cash flow statement

In accordance with FRS1 no cash flow statement is included in these financial statements as the company is a wholly owned subsidiary. A consolidated cash flow statement is prepared by the ultimate parent company and is published in the Marshall of Cambridge (Holdings) Limited consolidated group financial statements.

Turnover

Turnover comprises sales and charges for vehicles sold and services rendered during the year including sales to other Marshall of Cambridge (Holdings) Limited Group companies, but excluding value added tax and inter-company sales within the Marshall Motor Holdings Limited Group. Turnover of new and used vehicles sales is recognised at the point at which a customer takes possession of a vehicle. Turnover in respect of other services is recognised once the service has been provided. Leasing revenue comprises monthly rentals and other charges during the life of an agreement and also includes the sale of vehicles previously held as fixed assets under the heading "Vehicles held for leasing". Revenue from vehicle hire is recognised evenly over the hire period.

Goodwill

Purchased goodwill is capitalised as an intangible asset and amortised on a straight line basis over an appropriate period not exceeding 10 years. Where a business is sold, or where goodwill has been impaired, the net book value or the amount of impaired goodwill, as applicable, is charged through the profit and loss account in the year of disposal or impairment.

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

1. Accounting policies (*Continued*)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Freehold buildings	- 25 years
Leasehold land and buildings	- over the lease term (to a maximum of 25 years)
Plant and equipment	- 2-10 years
Assets held for contract rental	- 4 years (except leased vehicles)

Assets under construction are included in leasehold land and buildings on the basis of expenditure incurred at the balance sheet date.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investment properties

Land and buildings are shown at fair value, based on formal valuations by external independent valuers performed at least every three years and updated each year for the Directors estimate of value. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties. The Directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 Accounting for Investment Properties. The financial effect of the departure from the statutory accounting rules is not material.

Investments

Investments are recorded at cost less provision for impairment.

Stocks

Stocks and work-in-progress are valued at the lower of cost and net realisable value.

Stocks held on consignment are recognised on the balance sheet when the terms of the consignment agreement and commercial practice indicate that the principal benefit of owning the stock (the ability to sell it) and principal risks of ownership (stockholding cost, responsibility for safe-keeping and some risk of obsolescence) rest with the Group.

Leasing and hire purchase contracts

Assets leased out under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets are passed to the lessee, and hire purchase contracts, are both shown as debtors in the balance sheet at the amount of the net investment in the lease. The interest elements of the rental obligations are credited to the profit and loss account over the period of the lease and are apportioned on the basis of the rule of 78.

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

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

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

1. Accounting policies (*Continued*)

Contribution to pension funds

The Marshall of Cambridge (Holdings) Limited Group operates a number of different pension funds, including both defined contribution and defined benefit schemes, for the employees of the Group. The assets of all the schemes are held in separately administered trust funds. For the defined contribution schemes, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

For the defined benefit scheme, it is not possible for the Group to apportion the underlying assets and liabilities of the scheme to the individual companies on a consistent and reasonable basis. The Group is therefore accounting for the contributions to the scheme as if it were a defined contribution scheme.

Deferred taxation

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

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover is all attributable to the principal activity of the Group, which is car and commercial vehicle sales, leasing, distribution and service. All turnover arises from continuing activities within the United Kingdom.

3. Operating profit

Operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation of intangible assets	1,590,493	1,171,811
Depreciation of owned fixed assets	20,997,148	20,610,947
Profit on disposal of fixed assets	(55,184)	(9,573)
Operating lease costs:		
- land and buildings	6,639,024	6,037,672
Finance lease rental income - motor vehicles	(329,557)	(311,670)
Operating lease rental income - motor vehicles	(21,647,192)	(21,014,585)
Auditor's remuneration - audit of the financial statements	2,500	10,000
Auditor's remuneration - audit of subsidiary undertakings	232,000	147,500
Auditor's remuneration - taxation services	-	77,920

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

4. Staff costs

The average monthly number of employees of the Group during the year was made up as follows:

	2014	2013
	No.	No.
Administration	599	575
Sales and aftersales	<u>1,560</u>	<u>1,450</u>
	<u>2,160</u>	<u>2,025</u>

Staff costs:

	2014	2013
	£	£
Wages and salaries	59,149,146	53,794,990
Social security costs	6,104,442	5,738,940
Other pension costs	<u>881,214</u>	<u>626,209</u>
	<u>66,134,802</u>	<u>60,160,139</u>

5. Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	262,700	313,425
Value of company pension contributions to money purchase schemes	<u>31,657</u>	<u>37,157</u>
	<u>294,357</u>	<u>350,582</u>

Remuneration of highest paid director:

	2014	2013
	£	£
Total remuneration (excluding pension contributions)	<u>262,700</u>	<u>240,925</u>

The number of Directors for whom contributions were made in respect of defined benefit schemes was as follows:

	2014	2013
	No.	No.
Money purchase schemes	-	1
Defined benefit schemes	<u>1</u>	<u>1</u>

Three of the Directors of the company are also Directors of the ultimate holding company and fellow subsidiaries. A management charge of £1,817,664 (2013 - £1,554,418) in respect of administration costs has been paid by Marshall Motor Holdings Limited to Marshall of Cambridge (Holdings) Limited, the ultimate parent company, which includes the Directors' emoluments, which are not possible to identify separately.

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

6. Interest payable

	2014	2013
	£	£
Bank loans and overdrafts	1,140,348	1,195,278
Stock financing charges and other interest	<u>1,210,399</u>	<u>1,164,182</u>
	<u>2,350,747</u>	<u>2,359,460</u>

7. Taxation

(A) Analysis of charge in year

	2014	2013
	£	£
In respect of the year:		
UK corporation tax based on profit for the year	3,489,932	3,414,530
Under provision in prior year	<u>121,795</u>	<u>77,487</u>
Total current tax	3,611,727	3,492,017
Deferred tax:		
Origination and reversal of timing differences	(423,106)	(904,859)
Effect of changes in tax rate on opening balance	<u>(277,508)</u>	<u>(35,679)</u>
Total deferred tax (note 19)	<u>(700,614)</u>	<u>(940,538)</u>
Tax on profit on ordinary activities	<u>2,911,113</u>	<u>2,551,479</u>

(B) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2013- higher) than the standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>11,459,842</u>	<u>8,920,733</u>
Profit on ordinary activities by rate of tax	2,463,866	2,074,070
Expenses not deductible for tax purposes	633,471	408,907
Depreciation for period in excess of capital allowances	609,342	1,043,263
Adjustments to tax charge in respect of previous periods	121,795	77,487
Difference in tax rates on losses carried back	-	553
Other timing differences	21,482	4,244
Utilisation of brought forward tax losses	<u>(238,229)</u>	<u>(116,507)</u>
Total current tax (note 7(A))	<u>3,611,727</u>	<u>3,492,017</u>

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

8. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £3,339,424 (2013-£3,000,000).

9. Dividends

	2014 £	2013 £
Paid during the year		
Dividends on equity shares:	<u>4,500,000</u>	<u>3,000,000</u>

10. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2014	11,797,477
Additions	11,909,422
Disposals	<u>(148,000)</u>
At 31 December 2014	<u>23,558,899</u>
Amortisation	
At 1 January 2014	4,379,061
Charge for the year	1,590,493
Disposals	<u>(148,000)</u>
At 31 December 2014	<u>5,821,554</u>
Net book value	
At 31 December 2014	<u>17,737,345</u>
At 31 December 2013	<u>7,418,416</u>

On 30th June 2014, Marshall Motor Group acquired the trade and assets of Volvo Bishops Stortford from Regent Automotive Group. On 1st July 2014, Marshall Motor Group acquired the trade and assets of Halesworth Land Rover from Hammond Landrover Limited. On 8 August 2014, Marshall Motor Holdings Limited acquired 100% of the ordinary share capital of CMG 2007 Limited.

The acquisitions of CMG 2007 Limited, Volvo Bishops Stortford and Halesworth Land Rover have been included at their provisional fair value at the date of acquisition, which is unchanged from its book value at this date.

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

10. Intangible fixed assets (Continued)

The net assets at the date of acquisition of were as follows:

	Volvo Bishops Stortford	Halesworth Land Rover	CMG 2007 Limited	Total
	£	£	£	£
Tangible fixed assets	410,883	129,059	4,957,921	5,497,863
Stock	229,280	1,689,388	12,318,070	14,236,738
Debtors	-	-	2,127,000	2,127,000
Overdraft	-	-	(30,000)	(30,000)
Creditors	-	-	(17,494,546)	(17,494,546)
Net assets acquired	640,163	1,818,447	1,878,445	4,337,055
Acquisition costs	(23,645)	(14,511)	(119,266)	(157,422)
Provisional goodwill arising on acquisition	97,762	2,074,515	9,737,145	11,909,422
	<u>714,280</u>	<u>3,878,451</u>	<u>11,496,324</u>	<u>16,089,055</u>
Discharged by:				
Cash consideration paid	714,280	3,878,451	11,496,324	16,089,055

The goodwill is being amortised evenly over its useful economic life of between 5-10 years.

11. Tangible fixed assets

Group

	Investment properties	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Assets held for contract rental	Total
	£	£	£	£	£	£
Cost						
At 1 Jan 2014	1,820,000	27,469,361	2,780,472	27,387,389	89,565,653	149,022,875
Additions	100,000	1,284,930	780,301	3,668,274	27,254,653	33,088,158
Additions on acquisition	-	4,550,000	120,123	827,740	-	5,497,863
Disposals	-	(287,876)	(34,636)	(6,019,963)	(21,181,517)	(27,523,992)
At 31 Dec 2014	<u>1,920,000</u>	<u>33,016,415</u>	<u>3,646,260</u>	<u>25,863,440</u>	<u>95,638,789</u>	<u>160,084,904</u>
Depreciation						
At 1 Jan 2014	-	8,622,079	1,030,170	21,593,415	34,087,710	65,333,374
Charge for the year	-	895,116	180,966	2,607,714	17,313,352	20,997,148
On disposals	-	(155,879)	(616)	(5,018,711)	(14,027,334)	(19,202,540)
At 31 Dec 2014	<u>-</u>	<u>9,361,316</u>	<u>1,210,520</u>	<u>19,182,418</u>	<u>37,373,728</u>	<u>67,127,982</u>
Net book value						
At 31 Dec 2014	<u>1,920,000</u>	<u>23,655,099</u>	<u>2,435,740</u>	<u>6,681,022</u>	<u>58,265,061</u>	<u>92,956,922</u>
At 31 Dec 2013	1,820,000	18,847,282	1,750,302	5,793,974	55,477,943	83,689,501

Included in Freehold land and buildings is land of £8,329,426 (2013 - £8,329,426) which is not depreciated.

The Group received income from operating leases from the assets held in 'Assets held for contract rental' above of £21,647,192 (2013 - 21,014,585).

In addition to the above assets, the Group has purchased assets with an original cost of £55,692 (2013 - £143,175) for the purpose of letting under finance leases. During the year the Group received gross rentals of £329,557 (2013 - 311,670) in respect of these assets.

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

11. Tangible fixed assets (*Continued*)

Land and buildings are shown at fair value, based on formal valuations by external independent valuers performed at least every three years and updated each year for the Directors estimate of value. No depreciation is provided in respect of such properties in accordance with SSAP 19 Accounting for Investment Properties. All other properties are included at original cost. The Group's freehold investment properties were valued on an open market basis by the Directors as at 31st December 2014 at £530,000 and the Group's leasehold investment properties on an open market basis by the Directors as at 31st December 2014 at £1,290,000. The last formal valuations were undertaken at 31st December 2013 by Rapleys, Chartered Surveyors.

If the investment properties had not been included at valuation they would have been included at 31st December 2014 under the historical cost convention as follows:

	2014 £
Historic cost	2,642,594
Cumulative depreciation based on historical cost	<u>(1,077,358)</u>
Historic net book value	<u>1,565,236</u>

12. Investments

Group	Total £
Cost and net book value At 31 December 2014 and at 31 December 2013	<u>10,000</u>

The investment relates to an investment in a website.

Company	Subsidiary undertakings £	Joint ventures £	Total £
Cost			
At 1 January 2014	13,113,456	4,905,700	18,019,156
Additions (see note 10)	<u>11,615,590</u>	<u>-</u>	<u>11,615,590</u>
At 31 December 2014	<u>24,729,046</u>	<u>4,905,700</u>	<u>29,634,746</u>
Net book value			
At 31 December 2014	<u>24,729,046</u>	<u>4,905,700</u>	<u>29,634,746</u>
At 31 December 2013	<u>13,113,456</u>	<u>4,905,700</u>	<u>18,019,156</u>

On 8 August 2014, Marshall Motor Holdings Limited acquired 100% of the ordinary share capital of CMG 2007 Limited.

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

12. Investments (Continued)

The investments comprise the following undertakings:

*	Marshall Motor Group Limited
*	Marshall of Cambridge (Garage Properties) Limited
*	Marshall Leasing Limited
*	Marshall North West Limited
+	Marshall Commercial Vehicles Limited
*	Tim Brinton Cars Limited
**	Marshall of Ipswich Limited
+	*** Gates Contract Hire Limited
**	Marshall of Peterborough Limited
**	Marshall of Stevenage Limited
*	Marshall of Scunthorpe Limited
*	Silver Street Automotive Limited
+	**** Audi South West Limited
+	***** Hanjo Russell Limited
	**** Exeter Trade Parts Specialist LLP
*	CMG 2007 Limited
*****	Astle Limited
*****	Crystal Motor Group Limited
*	<i>Wholly owned by Marshall Motor Holdings Limited</i>
**	<i>99% owned by Marshall Motor Holdings Limited</i>
***	<i>Wholly owned by Marshall Leasing Limited</i>
****	<i>Wholly owned by Silver Street Automotive Limited</i>
*****	<i>Wholly owned by Audi South West Limited</i>
*****	<i>Wholly owned by CMG 2007 Limited</i>
+	<i>Dormant</i>

All of the above subsidiary undertakings which are not dormant carry on the business of car and commercial vehicle sales, distribution, service, hire and associated activities, except Marshall of Cambridge (Garage Properties) Limited (property holding), Tim Brinton Cars Limited (property holding), Exeter Trade Parts Specialist LLP (distribution of motor vehicle parts) and CMG 2007 Limited (holding company).

13. Stocks

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Work in progress	158,116	180,574	-	-
Finished goods	162,852,894	134,777,900	-	-
	<u>163,011,010</u>	<u>134,958,474</u>	<u>-</u>	<u>-</u>

The replacement cost of stocks is not significantly different from the value included in the balance sheet.

At 31 December 2014 the Group held new cars on consignment from manufacturers of £72,090,864 (2013 - £57,205,470) which are included in finished goods. Of these vehicles, stock of £32,583,820 (2013 - £26,761,032) has a right of return to the manufacturer which is rarely executed and £39,507,043 (2013 - £30,444,438) has been invoiced. No deposit has been paid for these vehicles, and the terms of consignment vary by manufacturer and are between 90 days and 1 year.

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

14. Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	19,416,376	21,377,426	-	-
Amounts owed by parent undertakings	39,761,368	43,258,039	7,599,957	-
Finance lease and hire purchase receivables	703,539	910,922	-	-
Other debtors	10,418,913	9,397,045	755,966	675,000
Prepayments and accrued income	2,879,688	2,676,541	3,845	-
Corporation tax receivable	-	-	-	-
Deferred taxation (note 19)	1,098,099	457,831	-	-
	<u>74,277,983</u>	<u>78,077,804</u>	<u>8,359,768</u>	<u>675,000</u>

Included within finance lease and hire purchase receivables are amounts owed after more than one year of £505,406 (2013 - £678,271).

15. Creditors: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans (Note 17)	28,341,570	28,124,039	-	-
Trade creditors	115,322,804	101,525,348	282,940	3,661
Vehicle funding agreements	30,787,744	26,910,416	-	-
Amounts owed to parent undertakings	56,077,256	35,253,171	26,096,637	7,168,894
Corporation tax payable	1,633,457	2,166,223	-	-
Other taxation and social security	2,183,140	2,505,982	300	-
Other creditors	8,112,818	10,567,685	540	-
Accruals and deferred income	8,951,506	5,780,278	1,253,072	-
	<u>251,410,295</u>	<u>212,833,142</u>	<u>27,633,489</u>	<u>7,172,555</u>

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

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans (Note 17)	25,205,216	24,010,448	-	-
Accruals and deferred income	8,578,316	8,493,079	-	-
	<u>33,783,532</u>	<u>32,503,527</u>	<u>-</u>	<u>-</u>

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Loans

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts due within one year	28,341,570	28,124,039	-	-
Amounts due after more than one year	25,205,216	24,010,448	-	-
	<u>53,546,786</u>	<u>52,134,487</u>	<u>-</u>	<u>-</u>

Analysis of maturity of debt:

	2014	2013	2014	2013
	£	£	£	£
In one year or less, or on demand	28,341,570	28,124,039	-	-
Between one and two years	17,721,704	14,611,604	-	-
Between two and five years	7,483,512	9,398,844	-	-
	<u>53,546,786</u>	<u>52,134,487</u>	<u>-</u>	<u>-</u>

Bank loans are secured by means of a fixed charge over specific vehicles held for leasing.

18. Pensions

The Group participates in two of the pension schemes which are operated by Marshall of Cambridge (Holdings) Limited for the benefit of its employees, one of which has elements of both defined benefit and defined contribution, while the other is entirely defined contribution. All of the schemes are funded by the payment of contributions to trustee administered funds which are kept independently from the assets of Marshall of Cambridge (Holdings) Limited.

The contribution schemes, which cover 99% of scheme members, were established in 1982 and 1988. The total pension cost for the year for the Group in respect of defined contributions schemes was £837,981 (2013 - £558,005).

The scheme which has elements of both defined benefit and defined contribution is known as the Marshall Group Executive Pension Plan. The level of defined benefit pension contribution is determined with the advice of independent qualified actuaries. It is not possible to apportion the underlying assets and liabilities of the scheme to the individual companies on a consistent and reasonable basis. The Group is therefore accounting for the contributions to the scheme as if it were a contribution scheme. The total pension cost for the Group in respect of this scheme was £31,806 (2013 - £31,657). As disclosed in the Marshall of Cambridge (Holdings) Limited financial statements, there is a deficit on the scheme of £12,850,000 (2013 - £7,956,000) as calculated in accordance with FRS17. Further disclosures can also be found in the consolidated financial statements of Marshall of Cambridge (Holdings) Limited.

The total unpaid pension contributions outstanding at the year end were £4,077 (2013 - £165,539).

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

19. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
(Asset)/provision brought forward	(457,831)	969,679	-	-
Acquisition adjustment	60,346	(486,972)	-	-
Decrease in provision (note 7)	(700,614)	(940,538)	-	-
Asset carried forward	(1,098,099)	(457,831)	-	-

The Group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014		2013	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances on fixed assets	(845,698)	-	(15,032)	-
Tax losses carried forward	(93,805)	-	(313,219)	-
Rolled over gains	-	2,857,828	-	2,929,788
Other timing differences	(158,596)	-	(129,580)	-
Deferred tax (asset)/provision	(1,098,099)	2,857,828	(457,831)	2,929,788

No provision has been made for deferred tax on gains recognised on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would only become payable if the properties were sold without it being possible to claim rollover relief.

20. Commitments under operating leases

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within 1 year	2,028,789	144,000
Within 2 to 5 years	1,285,700	2,795,101
After more than 5 years	3,057,625	3,153,807
	6,372,114	6,092,908

21. Contingent liabilities

At 31 December 2014, Marshall Motor Holdings Limited guaranteed the amounts owing by a subsidiary undertaking, Marshall Leasing Limited to Barclays Mercantile to the amount of £34,613,386 (2013 - £31,231,912) and to Santander for £12,433,400 (2013 - £14,402,534).

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

22. Related party transactions

Group

The Group has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are 100% owned by Marshall of Cambridge (Holdings) Limited Group or investees of the Group. Transactions with 99% owned subsidiary undertakings are as follows:

	Amounts owed by subsidiary undertakings at the end of the year		Amounts recharged by other subsidiary undertakings during the year	
	2014	2013	2014	2013
	£	£	£	£
Marshall of Peterborough Limited	1,290,052	1,091,154	-	384,680
Marshall of Stevenage Limited	4,280,673	3,939,233	344,733	262,794
Marshall of Ipswich Limited	337,395	633,331	205,236	455,199

The Group participates in the Group's treasury arrangements coordinated by the Company's ultimate parent Marshall of Cambridge (Holdings) Limited. Under this arrangement, it has access to and shares banking arrangements and facilities with its parent and fellow subsidiaries. This pooled treasury arrangement can have the effect of generating large movements between the entities, even though there has been no related trading transaction between the parties.

Company

The Company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that 100% owned by Marshall of Cambridge (Holdings) Limited Group or investees of the Group. There are no transactions with 99% owned subsidiary undertakings.

Group

During 2014 the Group made the following transactions with Directors:

	Number of cars sold	Total value of cars sold	Number of cars purchased	Total value of cars purchased
		£		£
R.D. Marshall	4	139,119	3	92,777
D. Gupta	6	426,669	6	418,277
C.M.H. Walkinshaw	2	86,244	2	87,811
F. Laud	3	171,148	3	167,935
P.G. Cakebread	4	157,639	4	155,519
W.C.M. Dastur	4	168,407	2	85,922

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

23. Share capital

Authorised share capital:

	2014 £	2013 £
2,500,000 ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
2,250,000 ordinary shares of £1 each	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>

24. Reserves

Group	Revaluation reserve £	Profit and loss account £	Total £
Balance brought forward	264,874	58,022,459	58,287,333
Profit for the year	-	8,552,182	8,552,182
Equity dividends	-	(4,500,000)	(4,500,000)
Balance carried forward	<u>264,874</u>	<u>62,074,641</u>	<u>62,339,515</u>

Company	Profit and loss account £
Balance brought forward	9,271,601
Profit for the year	3,339,424
Equity dividends	(4,500,000)
Balance carried forward	<u>8,111,025</u>

25. Reconciliation of movements in shareholders' funds

Group	2014 £	2013 £
Profit for the financial year	8,552,182	6,371,930
Unrealised surplus on revaluation of investment properties	-	264,874
Equity dividends paid	(4,500,000)	(3,000,000)
Net addition to shareholders' funds	<u>4,052,182</u>	<u>3,636,804</u>
Opening shareholders' funds	<u>60,537,333</u>	<u>56,900,529</u>
Closing shareholders' funds	<u>64,589,515</u>	<u>60,537,333</u>

Company	2014 £	2013 £
Profit for the financial year	3,339,424	3,000,000
Equity dividends paid	(4,500,000)	(3,000,000)
Net reduction in shareholders' funds	(1,160,576)	-
Opening shareholders' funds	<u>11,521,601</u>	<u>11,521,601</u>
Closing shareholders' funds	<u>10,361,025</u>	<u>11,521,601</u>

Marshall Motor Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2014

26. Post balance sheet events

Subsequent to the year end the company received dividends from Marshall Motor Group Limited (£5,000,000) and Marshall Garage Properties Limited (£10,000,000) and paid a dividend of £15,000,000 to the parent company.

On 4th March 2015 the company changed its name from Marshall of Cambridge (Motor Holdings) Limited to Marshall Motor Holdings Limited.

27. Ultimate parent company

The parent undertaking of the largest Group of undertakings for which Group financial statements are drawn up and of which the company is a member is Marshall of Cambridge (Holdings) Limited, and this is both the immediate parent undertaking and the ultimate parent undertaking.

Copies of the Group financial statements can be obtained from Marshall of Cambridge (Holdings) Limited, Airport House, The Airport, Cambridge, CB5 8RY.