
Birchwood Garages Limited (Group)

**Strategic report, report of the directors and
audited consolidated financial statements**

31 December 2015

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Birchwood Garages Limited (Group)
Registered number: 03174407
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for the year ended 31 December 2015

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Birchwood Garages Limited (Group)
Registered number: 03174407
Company information
for the year ended 31 December 2015

Directors:	Mr IK Sexton Mr CJ Hunt
Secretary:	Mr S Rebbetts
Registered office:	Lottbridge Drove Eastbourne East Sussex BN23 6PX
Registered number:	03174407 (incorporated in England and Wales)
Senior statutory auditor:	Adam Hickie ACA CTA ATT
Auditors:	Lucraft Hodgson & Dawes LLP 2/4 Ash Lane Rustington West Sussex BN16 3BZ

The directors present their strategic report for the year ended 31 December 2015.

Review of the business

The group has made an operating profit for the year of £572,000 (2014: £247,000) and a profit for the year of £143,000 (2014: £436,000).

Following on from recording a profit in 2014, the group was once again profitable this year, through continued growth in customer and retail volumes across all five sites in the group, that represents Ford and KIA.

The group once again saw an increase in the volume of new vehicle sales in 2015 with all manufacturer targets being achieved during the year. Used vehicle sales and service hours volume year on year also significant increases.

	2015		2014		Change	
	Units	£'000	Units	£'000	Units, %	Value, %
New vehicle sales	2,318	40,301	2,073	40,738	11.82%	-1.07%
Used vehicles	1,939	23,123	1,600	19,668	21.19%	17.57%
Total vehicle sales	4,257	63,424	3,673	60,406	15.90%	5.00%
 Service hours	 38,347	 1,907	 33,033	 1,738	 16.09%	 9.72%

The group has now completed a significant investment in the redevelopment of its Eastbourne site which saw the construction of three purpose built showrooms for the business centre, KIA and Škoda. This demonstrates a clear commitment to the long term success of the business, with the redevelopment being funded entirely through equity investment by the company's shareholders.

During the year the group also completed leasehold improvements at Halland Ford, which now has a bigger and better vehicle showroom with a new and improved customer service area in line with the stringent standards laid down by the manufacturer.

In the third quarter of 2015 ready for the new plate change, the highly selective *FordStore* at Hastings was completed and opened, a significant investment for the Hastings area. The *FordStore* status is authorised to sell Ford's premium and sports products, such as Mustang and Vignale alongside its existing and exciting line up.

The business has a continual focus on driving sales through the brands, improving processes and efficiency, engaging with customers and identifying incremental upsell opportunities, whilst keeping costs under control.

The directors consider the business to be well placed to further grow profitability over the foreseeable future with a clear strategy and improved operating margins.

The group is focussed on excellent customer care, satisfaction and loyalty. In 2015 the group once again achieved its Customer Satisfaction targets at top quartile levels. Significant volumes of vehicle service retention plans are sold annually which provide high volumes of work into current and future years. Class leading levels of PCP plans (vehicle finance trade cycle) fund the vast majority of new vehicle sales. This in turn allows for high levels of retention. Customer care is primarily driven through colleague satisfaction and our CEM (Customer Experience Movement) programme continues to be a key driver.

Financial performance and key indicators

The key performance indicators are given below. In order to make a meaningful comparison between the results of 2015 and 2014 only continuing operations have been considered.

The table below compares continuing like-for-like activities in 2015 and 2014 excluding acquisitions and disposals:

	2015	2014	Change	
	£'000	£'000	£'000	%
Turnover	72,104	68,744	3,360	4.89%
Gross profit	3,822	3,432	390	11.36%
Operating profit	572	247	325	131.58%

Strategy

The strategy adopted by the group is the pursuit of growth in the local retail market while avoiding volatility in national fleet and export sales.

The group is committed to a philosophy that well trained and engaged employees are a vital asset. Therefore the group strives to provide an environment which encourages comprehensive training, mentoring and support. The group continues its programme of apprentice recruitment and has in both sales and service several fully fledged professionals who have come through the programme. The group is heavily committed to Ford's CEM (Customer Experience Movement) as it now enters the second year after a successful first year, which is designed to engage further with colleagues who have an increased share of voice in terms of operational recommendations.

The group recognises the importance of its environmental responsibilities and monitors its impact on the environment and has designed and implemented policies to reduce any damage that may be caused by the group's activities.

Principal risks and uncertainties

The group's strategy and the general nature of the business are subject to a number of risks. The directors have set out below the principal risks facing the business.

The directors consider that through robust risk management procedures, involving the formal review of the risks identified below, systems are in place to monitor and mitigate such risks.

Competition

The market in which the group operates is highly competitive. Although specific territories are allocated by manufacturers which mitigates direct competition in the immediate locale with regard to new vehicles, used vehicle and servicing competition is high. In addition, similar class vehicles are available from other manufacturers and as a result the group has a diverse portfolio of marques within the mid-tier vehicle market.

The group maintains exemplary dealer standards and prides itself on meeting and exceeding customer expectations. Policies of constant price monitoring and on-going market research are in place to mitigate competition risks.

Financial risk management objectives and policies

The group uses financial instruments other than derivatives comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Financial risk management objectives and policies

Interest rate risk

The group finances its operations through a mixture of reserves, related party loans, bank finance and trade borrowings from manufacturers, predominantly Ford. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

The reduction in the Bank of England base rate during previous years has meant that the overall cost of borrowing has reduced significantly. The directors are mindful however of the potential for increases in interest rates in the medium term and keep borrowing levels under regular review.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable requirements. The group policy throughout the year has been to ensure continuity of funding from manufacturers and from the group's bankers.

Short term flexibility is achieved by an overdraft facility, which stood at a balance of £582,329 at the date of the statement of financial reporting (2014: £154,162).

Other debt is structured so that repayments can be made out of cash generated through operations.

Signed on behalf of the board of directors



Mr I Sexton
Director

Approved by the board on 4 August 2016

The directors present their report with the consolidated financial statements of the company and its subsidiary undertakings for the year ended 31 December 2015.

Principal activities

The group is a franchised motor retail group. It also supplies spare parts, both internally and externally and to trade customers.

The principal activity of the group during the year was the retail, repair and maintenance of motor vehicles. The group continued its Ford franchise operations in Eastbourne, Hastings and Halland along with two Kia franchises in Eastbourne and Washington.

The principal activities are summarised below:

- The retail of new and used motor vehicles under Ford and KIA franchises;
- The servicing of vehicles and retail of parts under Ford, and KIA franchises.

Dividends

No dividends will be distributed for the year ended 31 December 2015.

Future developments

Having completed the redevelopment of a number of its sites during the year, the group is focussed on increasing volumes and volume profitability in future years.

Directors

The directors who held office during the whole of the period from 1 January 2015 to the date of this report were:

- Mr IK Sexton
- Mr CJ Hunt

Statement of directors' responsibilities

The directors are responsible for preparing 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of group and of the profit and loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

Statement of directors' responsibilities

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group'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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Signed on behalf of the board of directors



Mr I Sexton
Director

Approved by the board on 4 August 2016

**Report of the independent auditors
to the members of Birchwood Garages Limited
for the year ended 31 December 2015**

We have audited the consolidated financial statements of Birchwood Garages Limited for the year ended 31 December 2015 on pages 9 to 39.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 6 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do accept or assume responsibility to anyone other than the company and the company's members as a body for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page five, 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 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 strategic report and the report of the directors 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 misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the both the company's and the group's affairs as at 31 December 2015 and of its profit or loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

Opinion on other matters as prescribed by the Companies Act 2006

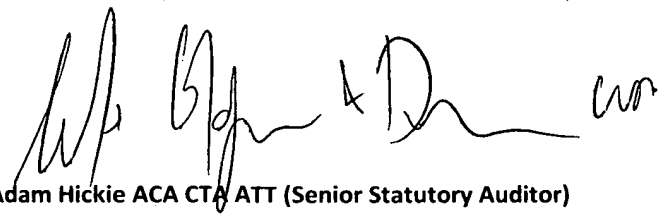
In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the independent auditors
to the members of Birchwood Garages Limited
for the year ended 31 December 2015**

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, 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; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all of the information and explanations we require for our audit.



Adam Hickie ACA CTA ATT (Senior Statutory Auditor)

for and on behalf of

Lucraft Hodgson & Dawes LLP, Statutory Auditor

2/4 Ash Lane

Rustington

West Sussex

BN16 3BZ

Date: 04/08/2016

Birchwood Garages Limited (Group)
Registered number: 03174407
Consolidated income statement
for the year ended 31 December 2015

	Note	Continuing operations £'000	Discontinued operations £'000	2015 total £'000	Continuing operations £'000	Discontinued operations £'000	2014 total £'000
Revenue	4	72,104	-	72,104	68,744	-	68,744
Cost of sales		(68,282)	-	(68,282)	(65,312)	-	(65,312)
Gross profit		3,822	-	3,822	3,432	-	3,432
Administrative expenses		(4,004)	-	(4,004)	(3,628)	-	(3,628)
Other operating income	5	754	-	754	443	-	443
Operating profit	6	572	-	572	247	-	247
Loss on disposal of tangible fixed assets		(104)	-	(104)	-	-	-
Gain on disposal of subsidiary		-	-	-	425	-	425
Interest payable and similar charges	8	(325)	-	(325)	(236)	-	(236)
Profit on ordinary activities before taxation		143	-	143	436	-	436
Tax on profit on ordinary activities	10	-	-	-	-	-	-
Profit for the financial year		143	-	143	436	-	436
Profit attributable to:							
Owners of the parent company		103		103	(95)		(95)
Non-controlling interests		40		40	531		531
		143	-	143	436	-	436

Birchwood Garages Limited (Group)
Registered number: 03174407
Consolidated statement of comprehensive income
for the year ended 31 December 2015

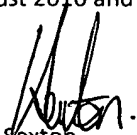
	Note	2015 £'000	2014 £'000
Profit for the financial year		143	436
Other comprehensive income			
Revaluation of freehold property		30	380
Total tax on components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		30	380
Total comprehensive income for the year		173	816
Profit attributable to:			
Owners of the parent company		133	285
Non-controlling interests		40	531
		173	816

Birchwood Garages Limited (Group)
Registered number: 03174407
Consolidated and company statements of financial position
for the year ended 31 December 2015

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed assets					
Intangible assets	12	46	54	-	-
Property, plant and equipment	13	6,420	5,185	-	-
Investment property	14	-	-	4,900	4,000
Investments	15	-	-	1	1
		6,466	5,239	4,901	4,001
Current assets					
Inventories	16	11,386	9,493	-	-
Debtors	17	2,940	2,226	2,215	1,515
Cash at bank and in hand		32	154	26	149
		14,358	11,873	2,241	1,664
Creditors (amounts falling due within one year)	18	(13,370)	(10,438)	(340)	(9)
Net current assets		988	1,435	1,901	1,655
Total assets less current liabilities		7,454	6,674	6,802	5,656
Creditors (amounts falling due after more than one year)	19	(4,800)	(4,800)	(2,300)	(1,800)
Provision for other liabilities	23	-	-	(143)	(144)
Net assets		2,654	1,874	4,359	3,712
Capital and reserves					
Called up share capital	24	9,775	9,168	9,775	9,168
Revaluation reserve		979	949	-	-
Retained earnings		(9,216)	(9,319)	(5,416)	(5,456)
Equity attributable to owners of the parent company		1,538	798	4,359	3,712
Non-controlling interests		1,116	1,076	-	-
Total equity		2,654	1,874	4,359	3,712

The notes on pages 15 to 39 form an integral part of these financial statements.

The financial statements on pages 9 to 39 were approved and authorised for issue by the board of directors on 4 August 2016 and were signed on its behalf.


Mr I Sexton
Director

Birchwood Garages Limited (Group)
Registered number: 03174407
Consolidated statement of changes in equity
for the year ended 31 December 2015

	Note	Called up share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
Balance as at 1 January 2014		7,918	579	(8,809)	(312)	545	233
Changes in equity							
Issue of share capital	24	1,250	-	-	1,250	-	1,250
Total comprehensive income		-	380	(95)	285	531	816
Net assets on disposal of subsidiary		-	-	(425)	(425)	-	(425)
Transfers		-	(10)	10	-	-	-
Balance as at 31 December 2014		9,168	949	(9,319)	798	1,076	1,874
Balance as at 1 January 2015		9,168	949	(9,319)	798	1,076	1,874
Changes in equity							
Issue of share capital	24	606	-	-	606	-	606
Total comprehensive income		-	30	103	133	40	173
Transfers		-	-	-	-	-	-
Balance as at 31 December 2015		9,774	979	(9,216)	1,537	1,116	2,653

Birchwood Garages Limited (Group)
Registered number: 03174407
Company statement of changes in equity
for the year ended 31 December 2015

	Note	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2014		7,918	(3,929)	3,989
Changes in equity				
Issue of share capital	24	1,250	-	1,250
Total comprehensive income		-	(1,527)	(1,527)
Balance as at 31 December 2014		9,168	(5,456)	3,712
Balance as at 1 January 2015		9,168	(5,456)	3,712
Changes in equity				
Issue of share capital	24	606	-	606
Total comprehensive income		-	40	40
Balance as at 31 December 2015		9,774	(5,416)	4,358

Birchwood Garages Limited (Group)
Registered number: 03174407
Consolidated statement of cash flows
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit for the financial year		143	436
Tax on profit on ordinary activities	10	-	-
Interest payable	8	325	236
Gain on disposal of subsidiary		-	(425)
Loss on disposal of fixed assets		104	-
Operating profit		572	247
Amortisation of intangible assets	6	8	15
Depreciation of tangible assets	6	216	274
(Increase)/decrease in inventories	16	(1,893)	(1,333)
(Increase)/decrease in debtors	17	(714)	(130)
Increase/(decrease) in creditors	18	2,399	1,487
Net cash generated from operating activities		588	560
Cash flows from investing activities			
Purchase of tangible assets	13	(1,526)	(1,332)
Proceeds from disposal of tangible assets	13	-	-
Net cash used in investing activities		(1,526)	(1,332)
Cash flows from financing activities			
Receipt of loans	20	111	1,650
Repayment of loans	20	-	(1,950)
Repayment of directors loans		(10)	-
Interest paid		(319)	(248)
Proceeds from issue of ordinary share capital		606	1,250
Net cash used in financing activities		388	702
Net increase in cash and cash equivalents		(550)	(70)
Cash and cash equivalents at the beginning of the year		-	70
Cash and cash equivalents at the end of the year		(550)	-
Cash and cash equivalents consists of:			
Cash at bank and in hand		32	154
Bank overdrafts		(582)	(154)
Cash and cash equivalents		(550)	-

1 Statement of compliance

The group and individual financial statements of have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS102) and the Companies Act 2006.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS102 are disclosed in note 32.

2.1 Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention in accordance with FRS102, as modified by the revaluation of freehold property.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

2.2 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the group, including borrowing facilities, are detailed in the financial statements. In addition, the strategic report describes the group's financial risk management objectives and policies.

The directors are confident that the group has access to adequate financial resources and facilities and as such believe that the group is well placed to manage its business risks successfully despite the current economic outlook.

As a consequence the group continues to adopt the going concern basis in preparing its financial statements.

2.3 Exemptions for qualifying entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemption:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

2 Significant accounting policies (continued)

2.4 Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31 December, as though they formed a single entity.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is not limited to the voting rights held.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The gain or loss includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts are not required to be reclassified.

In accordance with the transitional exemption available in FRS102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition, being 1 January 2014.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, exclusive of trade discounts, value added tax and other sales related taxes.

The group recognises revenue when the following conditions have been satisfied:

- the significant risks and rewards of ownership have been transferred to the buyer;
- the group retains no continuing involvement or control over the goods;
- the amount of revenue can be measured reliably;
- it is probable that future economic benefits will flow to the entity; and
- when specific criteria relating to each of the group's revenue streams have been met, as detailed below.

Sales of motor vehicles, parts and accessories are recognised on delivery to, or collection by, the customer. Motor vehicles are only released to the customer after receipt of funds.

Income arising from servicing and repairs is recognised upon completion of the agreed work.

Sales of peripheral goods and services, such as road fund licences and insurance policies, are recognised upon the sale of the motor vehicle to which they relate as above.

Commissions and incentive payments from franchisors and finance providers are recognised as earned. Where such income relates to specific vehicles, this is recognised in line with the recognition of the relevant vehicle.

2.6 Exceptional items

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

2 Significant accounting policies (continued)

2.7 Employee benefits

The group operates a defined contribution pension plan for its employees.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

2.8 Grants

Grants relating to tangible fixed assets are treated as deferred income and are released to the profit and loss account over the useful economic life of the asset concerned.

Other grants are credited to the profit and loss account as the related expenditure is incurred.

2.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed at the period end. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.10 Business combinations and goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition.

Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the income statement over its useful economic life.

As noted at 2.4 the group has elected not to recalculate the goodwill arising on business combinations arising prior to the date of transition.

2 Significant accounting policies (continued)

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight line basis to reduce the assets to their residual value over their estimated useful economic lives, as follows:

- Purchased goodwill 10-15 years

2.12 Tangible assets

Tangible assets are initially recognised at cost. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. After recognition, tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation on other assets is calculated on a straight line basis to allocate the depreciable amount to their residual values over their estimated useful economic lives, as follows:

- Freehold property 50 years
- Short term leasehold property period of the lease
- Plant and machinery 10 years
- Fixtures and fittings 7 years
- Computer equipment 3 years

Individual freehold properties are carried at fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses arising on freehold property are recognised in the consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit and loss.

Investment properties are carried at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

2.13 Leased assets

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the agreement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

The group acts as a lessor by sub letting certain operating leases. Rentals receivable under these sub leases are credited to the profit and loss account on a straight line basis over the period of the lease, even if payments are not received on such a basis.

2 Significant accounting policies (continued)

2.14 Investments in subsidiary undertakings

Investments in subsidiaries are measured at cost less accumulated impairment losses.

2.15 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on a first in, first out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

Throughout each reporting period, inventories are periodically assessed for impairment. If an item of inventory is impaired, the inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Inventories include consignment inventories where the risks and rewards of ownership have passed to the group. Where consignment inventories are recognised, the associated liability is included within creditors.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.18 Creditors

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

2.19 Finance costs

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

2.20 Borrowing costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

2 Significant accounting policies (continued)

2.21 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised costs using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow, discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary shares are measured:

- at fair value with changes recognised in the income statement if the shares are publically traded or their fair value can otherwise be measured reliably;
- at cost less accumulated impairment for all other investments.

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

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

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

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

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.23 Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

3 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

3.1 Consignment inventories

Consignment inventories have been included within the group statement of financial position on the grounds that the group considerably bears the risks and rewards of ownership attached to these vehicles. As such, the consignment inventories are considered to be under the control of the group.

3.2 Property, plant and equipment

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

3.3 Brand incentives

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

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

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

4 Revenue

All of the revenue generated by the group arose within the United Kingdom.

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

	2015 £'000	2014 £'000
Sales of new vehicles	40,301	40,738
Sales of used vehicles	23,123	19,668
Parts and servicing income	6,747	6,409
Other revenue	1,933	1,929
	72,104	68,744

5 Other operating income

All of the other operating income generated by the group arose within the United Kingdom.

	2015 £'000	2014 £'000
Rent receivable	199	119
Sundry receipts	525	298
Equipment rentals	30	26
	754	443

6 Operating profit

Operating profit is stated after charging:

	Note	2015 £'000	2014 £'000
Wages and salaries		3,862	3,472
Social security costs		294	282
Pension costs		25	-
Total staff costs charged to income statement		4,181	3,754

Operating profit is stated after charging (continued):

Impairment of trade receivables	31	30
Amortisation of intangible assets	8	15
Depreciation of tangible assets	216	274
Impairment of inventories	486	384
Operating lease charges	496	563
Operating lease credits	(199)	(119)

6 Operating profit (continued)

	Note	2015 £'000	2014 £'000
Fees payable to the company's auditor for the audit of the parent company and the group's financial statements		23	21
Fees payable to the company's auditor for other services:			
• Tax compliance and advisory services		4	4
• Other advisory services		5	3
Total amount payable to the company's auditor		32	28

7 Employees and directors

The average number of persons employed by the group during the year was:

	2015 No.	2014 No.
Vehicle sales	45	43
Servicing and parts	69	70
Administration and support	22	22
	136	135

The directors' emoluments were as follows:

	2015 £'000	2014 £'000
Sums paid to third parties for directors' services	132	132
	132	132

8 Interest payable and similar charges

	2015 £'000	2014 £'000
Bank interest payable	18	-
Loan interest payable	307	236
	325	236

9 Rents receivable under operating leases

The group received rentals under non-cancellable operating leases of £199,264 (2014: £118,796).

This income is derived from assets held within short-term leasehold property included within property, plant and equipment as detailed in note 13.

10 Taxation

10.1 Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015, nor for the year ended 31 December 2014.

10.2 Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20.0% (2014: 21.0%). The difference is explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	143	436
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20.0% (2014: 21.0%)	29	92
Effects of:		
Expenses not allowable for tax purposes less non-taxable income	23	(84)
Depreciation in excess of capital allowances	(8)	(20)
Taxable losses	(44)	12

10.3 Factors affecting the future taxation charge

The group has an unrecognised deferred tax asset of £293,429 (2014: £334,176) This has not been recognised in the financial statements due to uncertainties in the timing of recovery.

The deferred tax asset is analysed as follows:

	2015 £'000	2014 £'000
(Accelerated)/deferred capital allowances	(72)	(75)
Taxable losses	365	409
	293	334

11 Parent company profits for the year

The company has taken advantage of the exemption afforded under section 408 of the Companies Act 2006 and not presented its own income statement and statement of other comprehensive income in these financial statements. The profit for the year of the company is as follows:

	2015 £'000	2014 £'000
Company profit for the year	40	(1,527)

12 Intangible assets

12.1 Intangible assets of the group

	Goodwill £'000	Total £'000
Cost at 1 January 2015	257	257
Additions	-	-
Disposals	-	-
Cost at 31 December 2015	257	257
Amortisation at 1 January 2015	203	203
Charge for the year	8	8
Disposals	-	-
Amortisation at 31 December 2015	211	211
Net book value at 31 December 2015	46	46
Net book value at 1 January 2015	54	54

12.2 Intangible assets of the company

The company has no intangible assets.

13 Property, plant and equipment

13.1 Property, plant and equipment of the group

	Freehold property £'000	Short leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost at 1 January 2015	4,000	1,319	936	607	325	7,187
Additions	870	466	35	106	49	1,526
Disposals	-	-	(219)	(80)	(54)	(353)
Revaluations	30	-	-	-	-	30
Cost at 31 December 2015	4,900	1,785	752	633	320	8,390
Depreciation at 1 January 2015	-	873	619	264	246	2,002
Charge for the year	-	51	42	70	53	216
Disposals	-	-	(131)	(63)	(54)	(248)
Depreciation at 31 December 2015	-	924	530	271	245	1,970
Net book value at 31 December 2015	4,900	861	222	362	75	6,420
Net book value at 1 January 2015	4,000	446	317	343	79	5,185

13 Property, plant and equipment (continued)

13.1 Property, plant and equipment of the group (continued)

Included with short leasehold property are assets held for use in operating leases as follows:

	2015 £'000	2014 £'000
Cost	283	187
Depreciation	269	171
Net book value	14	16

If property, plant and equipment had not been revalued it would have been included at the following historical cost:

	Freehold property £'000	Short leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Historical cost	4,184	1,785	752	633	320	7,674
Net book value at 31 December 2015	3,837	924	530	271	245	5,807
Net book value at 1 January 2015	3,050	446	317	343	79	4,235

The following assets have been revalued:

	Date	Valuation
Freehold property	29 January 2016	£4,900,000

The valuation was undertaken on an open market basis that assumed the continuity of the group's core franchise operations based therein by Knight Frank LLP, a RICS Registered Surveyor.

13.2 Property, plant and equipment of the company

The company has no property, plant and equipment. The group freehold property is held by the company as investment property, as shown in note 14.

14 Investment property

14.1 Investment property of the group

The group has no investment property. The investment property held by the company has been treated as freehold property by the group, as shown in note 13.

14 Investment property (continued)

14.2 Investment property of the company

	Investment property £'000	Total £'000
Fair value at 1 January 2015	4,000	4,000
Additions	870	870
Revaluations	30	30
Fair value at 31 December 2015	4,900	4,900
Net book value at 31 December 2015	4,900	4,900
Net book value at 1 January 2015	4,000	4,000

The investment property held by the company is used by its trading subsidiary and is therefore treated as freehold property by the group.

If investment property had not been revalued it would have been included at the following historical cost:

	Investment property £'000	Total £'000
Historical cost	4,184	4,184
Net book value at 31 December 2015	4,184	4,184
Net book value at 1 January 2015	3,314	3,314

15 Investments

	Company £'000	Group £'000
Cost or valuation at 1 January 2015	1	-
Cost or valuation at 31 December 2015	1	-
Net book value at 31 December 2015	1	-
Net book value at 1 January 2015	1	-

The company's investments in subsidiary undertakings are analysed as follows:

Subsidiary	Share class	Holding	Country	Principal activity
Birchwood Intermediate Limited	Ordinary	70.00%	UK	Dormant holding company
Birchwood Motor Group Limited (*)	Ordinary	70.00%	UK	Retail and servicing of motor vehicles

* Birchwood Motor Group Limited is a wholly owned subsidiary of Birchwood Intermediate Limited.

All of the above subsidiaries are consolidated within these financial statements.

Libra Cars Limited, a subsidiary of the company, was dissolved on 6 May 2014. The gain recognised in the consolidated financial statements on the disposal of Libra Cars Limited was £424,624.

16 Inventories

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
New vehicles	7,108	5,215	-	-
Used vehicles	3,653	3,670	-	-
Parts	625	608	-	-
	11,386	9,493	-	-

The group holds inventories on consignment which are included in these financial statements as they are assets of the group within the definition in FRS102. The amount of inventories held on consignment by the group is £7,107,592 (2014: £5,214,787).

These inventories held on consignment are interest bearing, with the associated liability due on the sale of the respective item of consignment inventory.

Impairment losses totalling £485,663 (2014: £384,070) have been recognised against inventories during the year due to slow moving inventories.

17 Debtors

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	1,711	1,445	-	-
Amounts owing by group undertakings	-	-	2,080	1,513
Amounts owing by related parties	-	171	-	-
Taxation	815	16	135	2
Other debtors	127	327	-	-
Prepayments and accrued income	287	267	-	-
	2,940	2,226	2,215	1,515

Trade debtors are stated after provisions for impairment of £20,880 (2014: £25,460).

Birchwood Garages Limited (Group)
Registered number: 03174407
Notes to the financial statements
for the year ended 31 December 2015

18 Creditors (amounts due within one year)

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank loans and overdrafts	21	582	154	-	-
Payments on account		205	305	-	-
Trade creditors	21	11,900	9,365	94	-
Amounts owing to related parties		187	196	120	-
Taxation and social security		96	209	-	-
Directors' loans		-	10	-	-
Other loans	20	120	9	120	9
Other creditors		147	5	-	-
Accruals and deferred income		133	185	6	-
		13,370	10,438	340	9

19 Creditors (amounts due after more than one year)

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Other loans	20,21	4,800	4,800	2,300	1,800
		4,800	4,800	2,300	1,800

20 Loans

An analysis of the maturity of loans is given below:

An analysis of the maturity of loans is given below:					
		Group		Company	
		2015	2014	2015	2014
	Note	£'000	£'000	£'000	£'000
Amounts falling due within one year					
Other loans		120	9	120	9
Amounts falling due within one to two years					
Other loans	21	4,800	4,800	2,300	1,800

Other loans falling due within one year represent a loan from the group's ultimate controlling party, Mr MJ Hunt. The loan is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

Other loans falling due within one to two years are vehicle funding loans from Autozones 2000 Limited, a related party due to a common directorship held by Mr CJ Hunt. Interest is charged at a rate of 2% above base rate. The loans are secured against used vehicle stocks held by the group. Although the loan is repayable on demand, the directors have sought assurances that Autozones 2000 Limited will not demand repayment within twelve months of the statement of financial position date.

21 Secured debts

	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank loans and overdrafts		582	154	-	-
Trade creditors		7,488	5,631	-	-
Other loans	20	4,800	4,800	2,300	1,800
		12,870	10,585	2,300	1,800

Bank overdrafts of £582,329 (2014: 154,162) are part of a group facility which also includes Birchwood Auto Limited, and is secured by cross guarantee between the companies involved, and a fixed and floating charge over the assets of the group.

Included within trade creditors are liabilities relating to inventories held on consignment of £7,107,592 (2014: £5,214,787) which are secured by fixed and floating charge over the assets of the group.

Included within trade creditors are vehicle funding loans of £380,544 (2014: £415,954) which are secured by floating charges over certain used vehicle inventories.

MJ Hunt, the ultimate controlling party, has provided personal guarantees amounting to £700,000 over amounts included within trade creditors.

Other loans represent vehicle funding loans of £4,800,000 (2014: £4,800,000) which are secured by fixed and floating charges over the vehicle inventories of the group.

22 Financial instruments

		Group		Company	
		2015	2014	2015	2014
	Note	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost					
Trade debtors	17	1,711	1,445	-	-
Amounts owing by group undertakings	17	-	-	2,080	1,513
Amounts owing by related parties	17,30	-	171	-	-
Other debtors	17	127	327	-	-
		1,838	1,943	2,080	1,513
Financial liabilities measured at amortised cost					
Trade creditors	18	11,900	9,365	94	-
Amounts owing to related parties	18,30	187	196	120	-
Directors' loans	18	-	10	-	-
Other loans	18,19,20	4,920	4,809	2,420	1,809
Other creditors	18	147	5	-	-
Accruals and deferred income	18	133	185	6	-
		17,287	14,570	2,640	1,809

23 Provisions for liabilities

23.1 Provisions for liabilities of the group

The group has no provisions for liabilities.

23.2 Provisions for liabilities of the company

	Deferred tax £'000	Total £'000
Provisions at 1 January 2015	144	144
Provided during the year	6	6
Adjustment on change of rate	(7)	(7)
Provisions at 31 December 2015	143	143

24 Share capital

	2015		2014	
	Number	£'000	Number	£'000
Ordinary shares of 10p each	9,775,368	9,775	9,168,214	9,168

During the year 6,071,540 ordinary shares of 10p each were allotted and fully paid for cash at par.

25 Reserves

Retained earnings are analysed as follows:

	Group		Company	
	Distributable	Non-distributable	Distributable	Non-distributable
	£'000	£'000	£'000	£'000
Retained earnings at 1 January 2015	(9,319)	-	(6,000)	544
Total comprehensive income	103	-	11	29
Transfers	-	-	-	-
Retained earnings at 31 December 2015	(9,216)	-	(5,989)	573

26 Contingent liabilities

The group has provided guarantees for bank borrowings by Birchwood Auto Limited, a related party under common control. The group's maximum exposure under this scheme is £275,000. The directors do not believe that this guarantee will be called upon.

The group had capital commitments of £Nil (2014: £700,000) at the end of the year.

The company also had capital commitments of £Nil (2014: £700,000) at the end of the year.

27 Pension commitments

The group provides a defined contribution scheme for its employees. The amount recognised as an expense for this scheme was:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Contributions	25	10	-	-
Payable to the fund	5	2	-	-

28 Operating lease commitments

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2015	2014
	£'000	£'000
Payments due		
Not later than one year	389	362
Later than one year and not later than five years	1,354	1,447
Later than five years	357	538
	2,100	2,347

The company did not have any commitments under operating leases.

Included within the above are operating leases that are sub-let by the group. The expected future income derived from non-cancellable operating leases for each of the following periods is:

	2015	2014
	£'000	£'000
Income due		
Not later than one year	204	126
Later than one year and not later than five years	723	504
Later than five years	258	178
	1,185	808

29 Analysis of changes in net debt

	At 1 Jan 2015	Cash flows	Other changes	At 31 Dec 2015
	£'000	£'000	£'000	£'000
Cash at bank and in hand	154	(122)	-	32
Bank overdrafts	(154)	(428)	-	(582)
Cash and cash equivalents	-	(550)	-	(550)
Loans due within one year	(9)	(111)	-	(120)
Loans due after more than one year	(4,800)	-	-	(4,800)
Net debt	(4,809)	(661)	-	(5,470)

30 Related party transactions

During the year the group engaged in the following transactions with related parties:

30.1 IK Sexton

IK Sexton is a director of the group.

	2015 £'000	2014 £'000
Sales of goods and services	1	-
Rents payable in respect of business premises	9	63
Purchases of goods and services	14	20
Loans received	-	10
Balance payable	-	10

The group also paid rents in respect of business premises to a self-administered pension fund of which IK Sexton is a beneficiary as follows:

	2015 £'000	2014 £'000
Rents payable in respect of business premises	72	72
Balance payable	-	-

30.2 Birchwood Motor Group Limited

Birchwood Motor Group Limited is a non-wholly owned subsidiary consolidated within these financial statements. The transactions between the company and its subsidiary are:

	2015 £'000	2014 £'000
Rents received in respect of business premises	88	-
Management charges received	-	204
Loans released	-	1,800
Balance receivable	2,079	1,513

30.3 Birchwood Auto Limited

Birchwood Auto Limited is a company under common control.

	2015 £'000	2014 £'000
Sales of goods and services	1,093	845
Purchases of goods and services	704	630
Balance (payable)/receivable	(79)	29

Birchwood Auto Limited is party to the composite overdraft facility used by the group. The assets of the group are provided as security over the bank debts of Birchwood Auto Limited and the assets of Birchwood Auto Limited are provided as security over the bank debts of the group.

30 Related party transactions (continued)

30.3 Birchwood Auto Limited (continued)

The above balance outstanding at the year end represents trade balances which are unsecured and due within 30 days (2014: 30 days).

30.4 Azur Auto Limited

The parent of Azur Auto Limited represents the group's non-controlling interest.

	2015 £'000	2014 £'000
Sales of goods and services	690	284
Purchases of goods and services	327	116
Payable in respect of directors services	66	66
Balance (payable)/receivable	(108)	142

The above balance outstanding at the year end represents trade balances which are unsecured and due within 30 days (2014: 30 days).

30.5 Autozones 2000 Limited

Autozones 2000 Limited shares a common director, CJ Hunt.

	2015 £'000	2014 £'000
Loans received	-	700
Loans repaid	-	700
Interest payable	140	157
Balance payable within one year	-	36
Balance payable after more than one year	4,800	4,800

The loan provided by Autozones 2000 Limited is interest bearing at a rate of 2% above base rate.

The capital balance of the loan of £4.8m (2014: £4.8m) is secured against the used vehicle inventories held by the group.

Although the loan is repayable on demand, the directors have obtained assurances that Autozones 2000 Limited will not demand repayment within twelve months of the date of approval of these financial statements.

The balance payable within one year represents outstanding interest and is included within trade creditors and is due within 30 days (2014: 30 days).

30 Related party transactions (continued)

30.6 Axtell Automobile Associates Limited

Axtell Automobiles Associates Limited shares a common director, IK Sexton.

	2015 £'000	2014 £'000
Sales of goods and services	105	81
Purchases of goods and services	11	45
Payable in respect of directors services	66	66
Loans received	-	200
Balance payable	-	(196)

The above loan is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

30.7 M&S Hunt Charitable Trust

The M&S Hunt Charitable Trust shares a common director/trustee, CJ Hunt.

	2015 £'000	2014 £'000
Rents payable in respect of business premises	122	115
Balance payable	-	-

30.8 MJ Hunt

MJ Hunt is the ultimate controlling party of the group.

	2015 £'000	2014 £'000
Loans received	-	950
Payments in respect of bank guarantees offered	12	18
Balance payable	123	12

MJ Hunt has provided guarantees totalling £700,000 over amounts included within trade creditors.

The above loan is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

31 Ultimate controlling party

The ultimate controlling party is MJ Hunt by virtue of his interest in the issued share capital of the company.

32 Transition to FRS102

This is the first year that the group has presented its results under FRS102. The last financial statements prepared under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS102 was 1 January 2014.

Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS102.

32 Transition to FRS102 (continued)

31.1 Group reconciliation of equity

	Note	As previously stated at 1 Jan 2014 £'000	Effect of transition at 1 Jan 2014 £'000	Restated under FRS102 at 1 Jan 2014 £'000	As previously stated at 31 Dec 2014 £'000	Effect of transition at 31 Dec 2014 £'000	Restated under FRS102 at 31 Dec 2014 £'000
Fixed assets							
Intangible assets		69	-	69	54	-	54
Property, plant and equipment		3,747	-	3,747	5,185	-	5,185
Investment property		-	-	-	-	-	-
Investments		-	-	-	-	-	-
		3,816	-	3,816	5,239	-	5,239
Current assets							
Inventories		8,160	-	8,160	9,493	-	9,493
Debtors		2,096	-	2,096	2,226	-	2,226
Cash at bank and in hand		70	-	70	154	-	154
		10,326	-	10,326	11,873	-	11,873
Creditors (amounts falling due within one year)		(9,109)	-	(9,109)	(10,438)	-	(10,438)
Net current assets		1,217	-	1,217	1,435	-	1,435
Total assets less current liabilities		5,033	-	5,033	6,674	-	6,674
Creditors (amounts falling due after more than one year)		(4,800)	-	(4,800)	(4,800)	-	(4,800)
Provision for other liabilities		-	-	-	-	-	-
Net assets		233	-	233	1,874	-	1,874
Capital and reserves							
Called up share capital		7,918	-	7,918	9,168	-	9,168
Revaluation reserve		578	-	578	948	-	948
Retained earnings		(8,808)	-	(8,808)	(9,318)	-	(9,318)
Equity attributable to owners of the parent company		(312)	-	(312)	798	-	798
Non-controlling interests		545	-	545	1,076	-	1,076
Total equity		233	-	233	1,874	-	1,874

32 Transition to FRS102 (continued)

31.2 Company reconciliation of equity

	Note	As previously stated at 1 Jan 2014 £'000	Effect of transition at 1 Jan 2014 £'000	Restated under FRS102 at 1 Jan 2014 £'000	As previously stated at 31 Dec 2014 £'000	Effect of transition at 31 Dec 2014 £'000	Restated under FRS102 at 31 Dec 2014 £'000
Fixed assets							
Intangible assets		-	-	-	-	-	-
Property, plant and equipment	A	2,491	(2,491)	-	4,000	(4,000)	-
Investment property	A	-	2,595	2,595	-	4,000	4,000
Investments		1	-	1	1	-	1
		2,492	104	2,596	4,001	-	4,001
Current assets							
Inventories		-	-	-	-	-	-
Debtors		1,858	-	1,858	1,515	-	1,515
Cash at bank and in hand		29	-	29	149	-	149
		1,887	-	1,887	1,664	-	1,664
Creditors (amounts falling due within one year)		(392)	-	(392)	(9)	-	(9)
Net current assets		1,495	-	1,495	1,655	-	1,655
Total assets less current liabilities		3,987	104	4,091	5,656	-	5,656
Creditors (amounts falling due after more than one year)		-	-	-	(1,800)	-	(1,800)
Provision for other liabilities		-	(102)	(102)	-	(144)	(144)
Net assets		3,987	2	3,989	3,856	(144)	3,712
Capital and reserves							
Called up share capital		7,918	-	7,918	9,168	-	9,168
Revaluation reserve	B	578	(578)	-	948	(948)	-
Retained earnings	B	(4,509)	580	(3,929)	(6,260)	804	(5,456)
Equity		3,987	2	3,989	3,856	(144)	3,712

32 Transition to FRS102 (continued)

31.3 Group reconciliation of profit and loss

	Note	As previously stated for the year ended 31 Dec 2014 £'000	Effect of transition £'000	Restated under FRS102 for the year ended 31 Dec 2014 £'000
Revenue		68,744	-	68,744
Cost of sales		(65,312)	-	(65,312)
Gross profit		3,432	-	3,432
Administrative expenses		(3,628)	-	(3,628)
Other operating income		443	-	443
Operating profit		247	-	247
Gain on disposal of subsidiary		425	-	425
Interest payable and similar charges		(236)	-	(236)
Profit on ordinary activities before taxation		436	-	436
Tax on profit on ordinary activities		-	-	-
Profit for the year		436	-	436

32 Transition to FRS102 (continued)

31.4 Company reconciliation of profit and loss

	Note	As previously stated for the year ended 31 Dec 2014 £'000	Effect of transition £'000	Restated under FRS102 for the year ended 31 Dec 2014 £'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administrative expenses	B	(111)	75	(36)
Other operating income		204	-	204
Operating profit		93	75	168
Profit/(loss) on release of loans		(1,800)	-	(1,800)
Increase in fair value of investment property	B	-	199	199
Interest payable and similar charges		(54)	-	(54)
Profit on ordinary activities before taxation		(1,761)	274	(1,487)
Tax on profit on ordinary activities	B	-	(42)	(42)
Profit for the year		(1,761)	232	(1,529)

31.5 Notes to the reconciliations

A Reclassification of freehold property

Property held by the company but used by its subsidiaries has been reclassified under FRS102 as investment property in the company but continues to be classified as freehold property in the group in line with the conditions set out in FRS102.

B Movement in fair value of investment property

Under FRS102, movement in the fair value of investment property is recognised within the income statement instead of a revaluation reserve. Deferred tax is included in respect of such gains.