

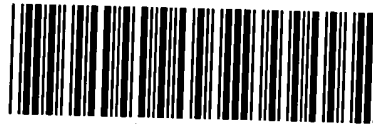
Registration number: 03174407

**Birchwood Garages Limited**

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2016

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COMPANIES HOUSE

**LUCRAFT  
HODGSON  
DAWES**



Lucraft Hodgson & Dawes LLP  
2/4 Ash Lane  
Rustington  
West Sussex  
BN16 3BZ

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## **Birchwood Garages Limited**

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## **Birchwood Garages Limited**

### **Company Information**

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<b>Directors</b>	Mr IK Sexton Mr CJ Hunt
<b>Company secretary</b>	Mr SD Rebbetts
<b>Registered office</b>	Lottbridge Drove Eastbourne East Sussex BN23 6PX
<b>Auditors</b>	Lucraft Hodgson & Dawes LLP 2/4 Ash Lane Rustington West Sussex BN16 3BZ

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## **Birchwood Garages Limited**

### **Strategic Report for the Year Ended 31 December 2016**

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The Directors present their strategic report for the year ended 31 December 2016.

#### **Principal activity**

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The principal activity of the group is 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 group is a franchised motor retail group. It specialises in the selling and servicing of new and used cars and commercial vehicles. It also supplies spare parts both within the group and to trade clients.

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## **Birchwood Garages Limited**

### **Strategic Report for the Year Ended 31 December 2016 (continued)**

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#### **Fair review of the business**

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The group made an operating profit for the year of £613,000 (2015 - £467,000) and a profit for the year of £343,000 (2015 - £142,000).

The group saw another year on year increase in the volume of New retail vehicle sales in 2016 with all manufacturer targets being achieved and most quarters attaining the highest levels of payment bandings. Used vehicle sales exceeded expectations with a record number of units being sold; a restructuring of Used vehicle management and control, coupled with its strict stocking policy adherence not only produced excellent results, it also provides a platform for further growth. Sales of service hours also saw a significant year on year increase, driven by extended opening hours and flexibility, team expansion and service loyalty plan throughput. Retail and wholesale Parts volumes also grew which successfully allowed for payments of manufacturer bonuses at the highest bandings.

The business is unrelenting in its pursuit of sales maximisation across both brands. Concurrently it focuses upon improving processes, efficiencies and cost control whilst engaging with customers and identifying incremental upsell opportunities.

The directors are confident for further growth and the business is well placed to do so. Retail strategies which combine the customer journey through both the digital and physical stages are underway; the foresight and investment are expected to provide a significant competitive advantage over the next few years.

The group continues to focus on an outstanding customer experience, satisfaction and loyalty. In 2016 the group achieved its Customer Satisfaction targets at top quartile levels. Growing sales of three year service retention plans provide high volumes of work which will further proliferate in future years. High levels of PCP plans (finance trade cycle) fund the vast majority of new vehicle sales which offers high levels of customer retention. Ford's CEM (Customer Experience Movement) programme continues to be a key driver of colleague inspiration, loyalty and engagement which facilitates the ever increasing heights of customer experience.

The group focuses its purpose on the pursuit of growth in its local retail market. Local retail business offers high levels of profitability and loyalty which counters the need to rely upon the volatile and capricious national fleet and export markets.

The group is committed to the philosophy that well trained and engaged employees are its most vital asset. Therefore in 2016 it embarked upon a strategy entitled 'Leading Change'; where the majority of the management team and directors undertook a transformational leadership programme which resulted in increased levels of staff engagement through better coaching, motivating, empowerment and inspiration. The group further committed to Ford's CEM (Customer Experience Movement) programme as it entered its third year. This, combined with increased leadership skills saw a positive cultural swing towards staff satisfaction which was born out through the climate survey results. Staff turnover also saw a decrease. The group continues to pursue its programme of apprentice recruitment and now has, in both sales and service, several fully accredited professionals.

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.

The Group's key financial and other performance indicators during the year were as follows:

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## Birchwood Garages Limited

### Strategic Report for the Year Ended 31 December 2016 (continued)

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	Unit	2016	2015
Group turnover	£000	88,131	72,104
Group gross profit	£000	4,911	3,822
Group operating profit	£000	613	467

#### Principal risks and uncertainties

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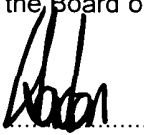
The group's strategy and the general nature of the business are subject to a number of risks. The directors have set out below the principal risks facing the business.

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.

The market in which the group operates is highly competitive. Specific territories are allocated by manufacturers which mitigates direct competition in respect of new vehicles, used vehicle and servicing competition to a point. In addition, similar class vehicles are available from other manufacturers and as a result the group has a diverse portfolio of marques within the 'volume' vehicle market. The company has a relentless determination to understand the implications of the digital market and has resultantly created strategies to gain competitive advantage.

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.

Approved by the Board on 28 April 2017 and signed on its behalf by:

  
.....  
Mr IK Sexton  
Director

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## Birchwood Garages Limited

### Directors' Report for the Year Ended 31 December 2016

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The Directors present their report and the consolidated financial statements for the year ended 31 December 2016.

#### Directors of the Group

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

Mr IK Sexton

Mr CJ Hunt

#### Financial instruments

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##### *Objectives and policies*

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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.

##### *Price risk, credit risk, liquidity risk and cash flow risk*

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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.

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 used by the group's trading subsidiary, which stood at £1,293,715 at the balance sheet date (2015 - £582,329).

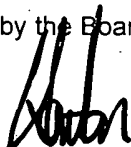
Other debt is structured so that repayments can be made out of cash generated through operations.

#### Disclosure of information to the auditor

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Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 28 April 2017 and signed on its behalf by:



Mr IK Sexton  
Director

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## **Birchwood Garages Limited**

### **Statement of Directors' Responsibilities**

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The Directors are responsible for preparing the Annual 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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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



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## **Birchwood Garages Limited**

### **Independent Auditor's Report**

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We have audited the financial statements of Birchwood Garages Limited for the year ended 31 December 2016, set out on pages 9 to 44. 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 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**

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As explained more fully in the Statement of Directors' Responsibilities (set out 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 (APB's) Ethical Standards for Auditors to the financial statements.

#### **Scope of the audit of the financial statements**

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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 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 Annual Report 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 the financial statements**

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In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2016 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**

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

#### **Matters on which we are required to report by exception**

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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:

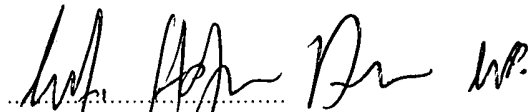
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## Birchwood Garages Limited

### Independent Auditor's Report (continued)

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



Adam Hickie ACA CTA (Senior Statutory Auditor)

For and on behalf of Lucraft Hodgson & Dawes LLP, Statutory Auditor

2/4 Ash Lane  
Rustington  
West Sussex  
BN16 3BZ

28 April 2017

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**Birchwood Garages Limited****Consolidated Profit and Loss Account for the Year Ended 31 December 2016**

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	Note	2016 £ 000	2015 £ 000
Turnover	3	88,131	72,104
Cost of sales		(83,220)	(68,282)
Gross profit		4,911	3,822
Administrative expenses		(5,825)	(4,138)
Other operating income	4	1,527	783
Operating profit	6	613	467
Interest payable and similar charges	7	(270)	(325)
Profit before tax		343	142
<b>Profit for the financial year</b>		<b>343</b>	<b>142</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		250	102
Minority interests		93	40
		<b>343</b>	<b>142</b>

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The notes on pages 17 to 44 form an integral part of these financial statements.

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**Birchwood Garages Limited****Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016**

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	Note	2016 £ 000	2015 £ 000
Profit for the year		343	142
Surplus/(deficit) on property, plant and equipment revaluation		730	29
<b>Total comprehensive income for the year</b>		<b>1,073</b>	<b>171</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		980	131
Minority interests		93	40
		<b>1,073</b>	<b>171</b>

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The notes on pages 17 to 44 form an integral part of these financial statements.

# Birchwood Garages Limited

(Registration number: 03174407)

## Consolidated Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Intangible assets	11	68	45
Tangible assets	12	7,155	6,421
Investment property	13	14	-
		<b>7,237</b>	<b>6,466</b>
<b>Current assets</b>			
Stocks	15	13,566	11,386
Debtors	16	6,955	7,108
Cash at bank and in hand		9	58
		20,530	18,552
<b>Creditors: Amounts falling due within one year</b>	18	<b>(19,239)</b>	<b>(17,564)</b>
<b>Net current assets</b>		<b>1,291</b>	<b>988</b>
<b>Total assets less current liabilities</b>		<b>8,528</b>	<b>7,454</b>
<b>Creditors: Amounts falling due after more than one year</b>	18	<b>(4,800)</b>	<b>(4,800)</b>
<b>Net assets</b>		<b>3,728</b>	<b>2,654</b>
<b>Capital and reserves</b>			
Called up share capital	20	9,775	9,775
Revaluation reserve	21	1,709	979
Profit and loss account	21	(8,966)	(9,217)
Equity attributable to owners of the company		2,518	1,537
Minority interests		1,210	1,117
<b>Total equity</b>		<b>3,728</b>	<b>2,654</b>

Approved and authorised by the Board on 28 April 2017 and signed on its behalf by:



Mr IK Sexton

Director

The notes on pages 17 to 44 form an integral part of these financial statements.

## Birchwood Garages Limited


(Registration number: 03174407)

### Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Investment property	13	5,714	4,900
Investments	14	1	1
		<b>5,715</b>	<b>4,901</b>
<b>Current assets</b>			
Debtors	16	1,953	2,214
Cash at bank and in hand		3	26
		1,956	2,240
<b>Creditors: Amounts falling due within one year</b>	18	<b>(106)</b>	<b>(339)</b>
<b>Net current assets</b>		<b>1,850</b>	<b>1,901</b>
<b>Total assets less current liabilities</b>		<b>7,565</b>	<b>6,802</b>
<b>Creditors: Amounts falling due after more than one year</b>	18	<b>(2,300)</b>	<b>(2,300)</b>
<b>Provisions for liabilities</b>		<b>(275)</b>	<b>(143)</b>
<b>Net assets</b>		<b>4,990</b>	<b>4,359</b>
<b>Capital and reserves</b>			
Called up share capital		9,775	9,775
Profit and loss account		(4,785)	(5,416)
<b>Total equity</b>		<b>4,990</b>	<b>4,359</b>

The company made a profit after tax for the financial year of £631,202 (2015 - profit of £40,132).

Approved and authorised by the Board on 28 April 2017 and signed on its behalf by:



Mr IK Sexton  
Director

**Birchwood Garages Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016**  
**Equity attributable to the parent company**

	Share capital £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2016	9,775	979	(9,216)	1,538	1,117	2,655
Profit for the year	-	-	250	250	93	343
Other comprehensive income	-	730	-	730	-	730
Total comprehensive income	-	730	250	980	93	1,073
<b>At 31 December 2016</b>	<b>9,775</b>	<b>1,709</b>	<b>(8,966)</b>	<b>2,518</b>	<b>1,210</b>	<b>3,728</b>

	Share capital £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2015	9,168	950	(9,319)	799	1,077	1,876
Profit for the year	-	-	102	102	40	142
Other comprehensive income	-	29	-	29	-	29
Total comprehensive income	-	29	102	131	40	171
New share capital subscribed	607	-	-	607	-	607
<b>At 31 December 2015</b>	<b>9,775</b>	<b>979</b>	<b>(9,217)</b>	<b>1,537</b>	<b>1,117</b>	<b>2,654</b>

The notes on pages 17 to 44 form an integral part of these financial statements.  
Page 13

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**Birchwood Garages Limited****Statement of Changes in Equity for the Year Ended 31 December 2016**

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	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	9,775	(5,416)	4,359
Profit for the year	-	631	631
Total comprehensive income	-	631	631
<b>At 31 December 2016</b>	<b>9,775</b>	<b>(4,785)</b>	<b>4,990</b>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	9,168	(5,456)	3,712
Profit for the year	-	40	40
Total comprehensive income	-	40	40
New share capital subscribed	607	-	607
<b>At 31 December 2015</b>	<b>9,775</b>	<b>(5,416)</b>	<b>4,359</b>

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The notes on pages 17 to 44 form an integral part of these financial statements.



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**Birchwood Garages Limited****Consolidated Statement of Cash Flows for the Year Ended 31 December 2016**

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	Note	2016 £ 000	2015 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		343	142
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	294	225
Loss on disposal of tangible assets	5	1	104
Finance costs	7	270	325
		908	796
Working capital adjustments			
Increase in stocks	15	(2,180)	(1,892)
Decrease/(increase) in trade debtors	16	154	(1,853)
Increase in trade creditors	18	1,108	3,542
<b>Net cash flow from operating activities</b>		<b>(10)</b>	<b>593</b>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(437)	(1,527)
Proceeds from sale of tangible assets		185	-
Acquisition of intangible assets	11	(70)	-
Acquisition of investment properties	13	(14)	-
<b>Net cash flows from investing activities</b>		<b>(336)</b>	<b>(1,527)</b>
<b>Cash flows from financing activities</b>			
Interest paid	7	(270)	(325)
Proceeds from issue of ordinary shares, net of issue costs		-	607
Proceeds from other borrowing draw downs		-	111
Repayment of other borrowing		(120)	(10)
<b>Net cash flows from financing activities</b>		<b>(390)</b>	<b>383</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(736)</b>	<b>(551)</b>
Cash and cash equivalents at 1 January		(551)	-
<b>Cash and cash equivalents at 31 December</b>		<b>(1,287)</b>	<b>(551)</b>

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The notes on pages 17 to 44 form an integral part of these financial statements.

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**Birchwood Garages Limited****Statement of Cash Flows for the Year Ended 31 December 2016**

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	Note	2016 £ 000	2015 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		631	40
Adjustments to cash flows from non-cash items			
Changes in fair value of investment property	13	(730)	(30)
Finance costs		65	39
Income tax expense	10	131	(1)
		97	48
Working capital adjustments			
Decrease/(increase) in trade debtors	16	262	(699)
(Decrease)/increase in trade creditors	18	(113)	219
<b>Net cash flow from operating activities</b>		<b>246</b>	<b>(432)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment properties		(84)	(870)
<b>Cash flows from financing activities</b>			
Interest paid		(65)	(39)
Proceeds from issue of ordinary shares, net of issue costs		-	607
Proceeds from bank borrowing draw downs		-	500
Proceeds from other borrowing draw downs		-	111
Repayment of other borrowing		(120)	-
<b>Net cash flows from financing activities</b>		<b>(185)</b>	<b>1,179</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(23)</b>	<b>(123)</b>
Cash and cash equivalents at 1 January		26	149
<b>Cash and cash equivalents at 31 December</b>		<b>3</b>	<b>26</b>

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The notes on pages 17 to 44 form an integral part of these financial statements.

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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

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#### 1 General information

The company is a private company limited by share capital incorporated in England & Wales.

The address of its registered office is:

Lottbridge Drove

Eastbourne

East Sussex

BN23 6PX

England & Wales

These financial statements were authorised for issue by the Board on 28 April 2017.

#### 2 Accounting policies

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##### *Summary of significant accounting policies and key accounting estimates*

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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##### *Statement of compliance*

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

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##### *Basis of preparation*

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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##### *Departure from requirements of FRS 102*

The company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows within the consolidated financial statements includes the company's cash flows.

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##### *Basis of consolidation*

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2016.

No Profit and Loss Account is presented for the Company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £631,202 (2015 - profit of £40,132).

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## **Birchwood Garages Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)**

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#### **2 Accounting policies (continued)**

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

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#### 2 Accounting policies (continued)

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##### *Judgements*

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Consignment inventories have been included within the 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.

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.

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.

##### *Revenue recognition*

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Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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.

Sales of motor vehicles, parts and accessories are recognised when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts are delivered to the customer and title has passed.

Income arising from servicing and bodyshop sales are recognised on completion of the agreed work.

Sales of peripheral goods and services such as road fund licences and insurance policies are recognised as miscellaneous sales when the company defrays its responsibilities under the contract.

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.

##### *Other grants*

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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.

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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

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#### 2 Accounting policies (continued)

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##### *Tax*

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### *Tangible assets*

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### *Depreciation*

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Short leasehold property	Over the period of the lease
Plant and machinery	10 years straight line
Fixtures and fittings	7 years straight line
Office equipment	3 years straight line

##### *Investment property*

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

##### *Business combinations*

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

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#### 2 Accounting policies (continued)

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##### *Goodwill*

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

##### *Intangible assets*

Intangible assets are stated in the statement of financial position at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

##### *Amortisation*

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	15 years straight line
Computer software and website development	3 years straight line

##### *Investments*

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### *Debtors*

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

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#### 2 Accounting policies (continued)

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##### *Inventories*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

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

##### *Creditors*

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### *Borrowings*

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### *Leases*

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.



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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**2 Accounting policies (continued)**

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*Share capital*

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Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

*Defined contribution pension obligation*

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A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

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#### 2 Accounting policies (continued)

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##### *Financial instruments*

###### *Classification*

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.

###### *Recognition and measurement*

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 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.

###### *Impairment*

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.

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**3 Revenue**

The analysis of the group's revenue for the year from continuing operations is as follows:

	2016 £ 000	2015 £ 000
Sale of goods	88,131	72,104

The analysis of the group's turnover for the year by class of business is as follows:

	2016 £ 000	2015 £ 000
New vehicle sales	50,192	40,301
Used vehicle sales	28,299	23,123
Servicing and parts income	7,106	6,747
Other turnover	2,534	1,933
	88,131	72,104

The analysis of the group's turnover for the year by market is as follows:

	2016 £ 000	2015 £ 000
UK	88,131	72,104

**4 Other operating income**

The analysis of the group's other operating income for the year is as follows:

	2016 £ 000	2015 £ 000
Sub lease rental income	165	199
Miscellaneous other operating income	1,362	584
	1,527	783

**5 Other gains and losses**

The analysis of the group's other gains and losses for the year is as follows:

	2016 £ 000	2015 £ 000
Gain (loss) on disposal of property, plant and equipment	(1)	(104)

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**6 Operating profit**

Arrived at after charging/(crediting)

	2016 £ 000	2015 £ 000
Depreciation expense	247	216
Amortisation expense	47	9
Write-down of stocks to net realisable value	661	486
Operating lease expense - other	2	-
Loss on disposal of property, plant and equipment	1	104

**7 Interest payable and similar charges**

	2016 £ 000	2015 £ 000
Interest on bank overdrafts and borrowings	9	18
Interest expense on other finance liabilities	261	307
	<b>270</b>	<b>325</b>

**8 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	4,221	3,861
Social security costs	350	295
Other short-term employee benefits	4	-
Pension costs, defined contribution scheme	29	25
Other employee expense	29	109
	<b>4,633</b>	<b>4,290</b>

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

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**8 Staff costs (continued)**

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	2016 No.	2015 No.
Vehicle sales	50	45
Servicing and parts	78	69
Administration and support	22	22
	150	136

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**9 Auditors' remuneration**

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	2016 £ 000	2015 £ 000
Audit of these financial statements	6	6
Audit of the financial statements of subsidiaries of the company pursuant to legislation	17	17
	23	23
<b>Other fees to auditors</b>		
Taxation compliance services	4	4
All other assurance services	5	5
	9	9

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**10 Taxation**

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Tax charged/(credited) in the income statement

2016  
£ 000

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20)%.

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	343	142
Corporation tax at standard rate	69	28

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**10 Taxation (continued)**

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	2016 £ 000	2015 £ 000
Effect of expense not deductible in determining taxable profit (tax loss)	10	23
Effect of tax losses	(94)	(43)
Tax increase (decrease) from effect of capital allowances and depreciation	(14)	(8)
Tax increase (decrease) from effect of unrelieved tax losses carried forward	29	-
<b>Total tax charge/(credit)</b>	-	-

*Deferred tax*

---

**Group**

## Deferred tax assets and liabilities

2016	Asset £ 000
Accrued losses	210

2015	Asset £ 000
Accrued losses	293

There are £209,739 of unused tax losses (2015 - £293,429) for which no deferred tax asset is recognised in the Balance Sheet.

**Company**

## Deferred tax assets and liabilities

2016	Liability £ 000
Revaluation of investment property	275
	-
	<u>275</u>

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**10 Taxation (continued)**

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	Liability £ 000
2015	
Revaluation of investment property	143
	<u>143</u>

There are £44,940 of unused tax losses (2015 - £53,923) for which no deferred tax asset is recognised in the Balance Sheet.

**11 Intangible assets**

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**Group**

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2016	257	-	257
Additions acquired separately	-	70	70
<b>At 31 December 2016</b>	<b>257</b>	<b>70</b>	<b>327</b>
<b>Amortisation</b>			
At 1 January 2016	212	-	212
Amortisation charge	45	2	47
<b>At 31 December 2016</b>	<b>257</b>	<b>2</b>	<b>259</b>
<b>Carrying amount</b>			
<b>At 31 December 2016</b>	<b>-</b>	<b>68</b>	<b>68</b>
At 31 December 2015	45	-	45

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2015 - £Nil).

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016**  
**(continued)**

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**12 Tangible assets**

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**Group**

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2016	6,685	953	752	8,390
Revaluations	730	-	-	730
Additions	189	157	91	437
Disposals	(81)	(152)	(2)	(235)
<b>At 31 December 2016</b>	<b>7,523</b>	<b>958</b>	<b>841</b>	<b>9,322</b>
<b>Depreciation</b>				
At 1 January 2016	924	515	530	1,969
Charge for the year	37	129	81	247
Eliminated on disposal	-	(48)	(1)	(49)
<b>At 31 December 2016</b>	<b>961</b>	<b>596</b>	<b>610</b>	<b>2,167</b>
<b>Carrying amount</b>				
<b>At 31 December 2016</b>	<b>6,562</b>	<b>362</b>	<b>231</b>	<b>7,155</b>
At 31 December 2015	5,761	438	222	6,421

Included within the net book value of land and buildings above is £5,700,000 (2015 - £4,900,000) in respect of freehold land and buildings and £861,621 (2015 - £860,356) in respect of short leasehold land and buildings.



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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**12 Tangible assets (continued)**

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*Revaluation*

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The fair value of the company's Freehold property was revalued on 15 April 2016 by an independent valuer.

Freehold property was revalued on an open market basis by Vail Williams LLP, a RICS Registered Valuer, at £5.7m.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £4,254,737 (2015 - £4,184,337).

**13 Investment properties**

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**Group**

	2016 £ 000
Additions	14
There has been no valuation of investment property by an independent valuer.	

**Company**

	2016 £ 000
At 1 January	4,900
Additions	84
Fair value adjustments	730
<b>At 31 December</b>	<b>5,714</b>

Freehold property was revalued on an open market basis by Vail Williams LLP, a RICS Registered Valuer, at £5.7m.

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**14 Investments**

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**Company**

	2016 £ 000	2015 £ 000
Investments in subsidiaries	1	1

**Subsidiaries****£ 000****Cost or valuation**

At 1 January 2016

**1****Provision****Carrying amount****At 31 December 2016****1**

At 31 December 2015

**1****Details of undertakings**

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Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Birchwood Intermediate Limited	England & Wales	Ordinary shares	70%	70%
Birchwood Motor Group Limited	England & Wales	Ordinary shares (indirect)	70%	70%

The principal activity of Birchwood Intermediate Limited is non trading.

The principal activity of Birchwood Motor Group Limited is the retail of motor vehicles.

## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 15 Stocks

	Group	
	2016 £ 000	2015 £ 000
New vehicles	7,986	7,108
Used vehicles	4,949	3,653
Parts	631	625
	<b>13,566</b>	<b>11,386</b>

#### Group

##### *Impairment of inventories*

The amount of impairment loss included in profit or loss is £660,487 (2015 - £485,663).

The carrying amount of stocks pledged as security for liabilities amounted to £3,453,271 (2015 - £2,880,544).

#### 16 Debtors

		Group		Company	
	Note	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
Trade debtors		1,671	1,711	-	-
Amounts owed by related parties	24	3,918	4,171	1,953	2,079
Other debtors		1,073	924	-	135
Prepayments		277	286	-	-
Income tax asset	10	16	16	-	-
<b>Total current trade and other debtors</b>		<b>6,955</b>	<b>7,108</b>	<b>1,953</b>	<b>2,214</b>

# Birchwood Garages Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

### 17 Cash and cash equivalents

	Group		Company	
	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
Cash on hand	1	2	-	-
Cash at bank	7	54	3	26
Short-term deposits	1	2	-	-
	9	58	3	26
Bank overdrafts	(1,296)	(609)	-	-
<b>Cash and cash equivalents in statement of cash flows</b>	<b>(1,287)</b>	<b>(551)</b>	<b>3</b>	<b>26</b>

### 18 Creditors

		Group		Company	
	Note	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
<b>Due within one year</b>					
Loans and borrowings	22	1,296	728	-	119
Trade creditors		13,358	11,897	10	94
Amounts due to related parties	24	3,987	4,358	80	120
Social security and other taxes		110	91	16	-
Outstanding defined contribution pension costs		5	5	-	-
Other payables		7	147	-	-
Accrued expenses		121	133	-	6
Gross amount due to customers for contract work		355	205	-	-
		<b>19,239</b>	<b>17,564</b>	<b>106</b>	<b>339</b>
<b>Due after one year</b>					
Loans and borrowings	22	4,800	4,800	2,300	2,300
		<b>4,800</b>	<b>4,800</b>	<b>2,300</b>	<b>2,300</b>

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**19 Pension and other schemes**

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*Defined contribution pension scheme*

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £28,990 (2015 - £24,976).

Contributions totalling £5,242 (2015 - £4,570) were payable to the scheme at the end of the year and are included in creditors.

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**20 Share capital**

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*Allotted, called up and fully paid shares*

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	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.10 each	97,754	9,775	97,754	9,775

**21 Reserves**

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**Company**

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Retained earnings

Included within retained earnings are non-distributable amounts totalling £1,170,663 representing increases in the fair value of investment property.

**22 Loans and borrowings**

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	Group		Company	
	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
<b>Non-current loans and borrowings</b>				
Other borrowings	4,800	4,800	2,300	2,300
	<b>4,800</b>	<b>4,800</b>	<b>2,300</b>	<b>2,300</b>

	Group		Company	
	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
<b>Current loans and borrowings</b>				
Bank overdrafts	1,296	609	-	-
Other borrowings	-	119	-	119
	<b>1,296</b>	<b>728</b>	<b>-</b>	<b>119</b>

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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

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#### 22 Loans and borrowings (continued)

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##### Group

###### *Bank borrowings*

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Bank overdraft is denominated in Sterling. The carrying amount at year end is £1,293,441 (2015 - £582,329).

Bank overdrafts are part of a group overdraft facility which is secured by cross guarantees between the companies concerned, and fixed and floating charges over the assets of the companies concerned.

###### *Other borrowings*

---

Autozones 2000 loan with a carrying amount of £4,800,000 (2015 - £4,800,000) is denominated in GBP with a nominal interest rate of 2% above base rate. The final instalment is due on .

The loan is secured by fixed and floating charge over the used vehicle stocks of 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 approval of these financial statements.

Loan from ultimate controlling party with a carrying amount of £Nil (2015 - £119,511) is denominated in GBP with a nominal interest rate of 0%. The final instalment is due on 31 August 2016.

The loan is unsecured, interest free and repayable on demand.

##### Company

###### *Other borrowings*

---

Autozones 2000 loan with a carrying amount of £Nil (2015 - £2,300,000) is denominated in GBP with a nominal interest rate of 2% above base rate. The final instalment is due on .

The loan is secured by fixed and floating charge over the used vehicle stocks of 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 date of approval of these financial statements.

Loan from ultimate controlling party with a carrying amount of £Nil (2015 - £119,511) is denominated in GBP with a nominal interest rate of 0%. The final instalment is due on .

The loan is unsecured, interest free and repayable on demand.

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**23 Obligations under leases and hire purchase contracts**

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**Group***Operating leases*

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The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	389	389
Later than one year and not later than five years	1,118	1,354
Later than five years	207	357
	<b>1,714</b>	<b>2,100</b>

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The amount of non-cancellable operating lease payments recognised as an expense during the year was £386,656 (2015 - £417,621).

*Operating leases - lessor*

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The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	165	204
Later than one year and not later than five years	474	723
Later than five years	96	258
	<b>735</b>	<b>1,185</b>

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Total contingent rents recognised as income in the period are £164,965 (2015 - £199,264).

The group sub-lets short leasehold property. The sub-lease expires in line with the head lease.

**24 Related party transactions**

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**Group***Key management personnel*

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All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel.

*Summary of transactions with key management*

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The group rents business premises from a director, Mr IK Sexton.

Outstanding balances with related parties are unsecured, interest free and cash settlement is expected within 30 days of invoice.



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## Birchwood Garages Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

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#### 24 Related party transactions (continued)

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##### *Summary of transactions with entities with joint control or significant interest*

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Sexton Holdings and its subsidiary, Azur Auto Limited, are deemed to hold significant influence over the group. Sexton Holdings Limited represents the group's minority interest.

The group sold vehicles and parts to, and purchased vehicles and parts from, Azur Auto Limited. These transactions were undertaken at cost. In addition the group made payments in respect of directors' services.

Outstanding balances with related parties are unsecured, interest free and cash settlement is expected within 30 days of invoice.

##### *Summary of transactions with subsidiaries*

---

The group rents business premises to its trading subsidiary, Birchwood Motor Group Limited.

Outstanding balances with related parties are unsecured, interest free and cash settlement is expected within 30 days of invoice.

##### *Summary of transactions with other related parties*

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The group has the following other related parties: Birchwood Auto Limited, a company under common control; Axtell Automobile Associates Limited, a company whose controlling party holds significant influence over the group; Mr MJ Hunt, the ultimate controlling party.

The group sold vehicles and parts to, and purchased vehicles and parts from, Birchwood Auto Limited and Axtell Automobile Associates Limited. These transactions were undertaken at cost. In addition the group made payments in respect of directors' services to Axtell Automobile Associates Limited. The company paid Mr MJ Hunt in respect of bank guarantees provided.

Outstanding balances with related parties are unsecured, interest free and cash settlement is expected within 30 days of invoice.

# Birchwood Garages Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

### 24 Related party transactions (continued)

#### *Income and receivables from related parties*

2016	Entities with joint control or significant influence £ 000	Subsidiary £ 000	Other related parties £ 000
Sale of goods	1,234	-	1,850
Leases	-	150	-
	1,234	150	1,850
Amounts receivable from related party	-	45	7

2015	Entities with joint control or significant influence £ 000	Subsidiary £ 000	Key management £ 000	Other related parties £ 000
Sale of goods	690	-	1	1,198
Leases	-	88	-	-
	690	88	1	1,198
Amounts receivable from related party	-	105	-	-

#### *Expenditure with and payables to related parties*

2016	Entities with joint control or significant influence £ 000	Key management £ 000	Other related parties £ 000
Purchase of goods	280	-	769
Rendering of services	166	-	71
Leases	-	9	-
	446	9	840
Amounts payable to related party	72	-	5

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**24 Related party transactions (continued)**

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<b>2015</b>	<b>Entities with joint control or significant influence £ 000</b>	<b>Key management £ 000</b>	<b>Other related parties £ 000</b>
Purchase of goods	227	-	716
Rendering of services	116	-	80
Leases	-	9	-
	<b>343</b>	<b>9</b>	<b>796</b>
Amounts payable to related party	108	-	79

*Loans to related parties*

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<b>2016</b>	<b>Subsidiary £ 000</b>
At start of period	1,992
Repaid	(84)
<b>At end of period</b>	<b>1,908</b>

<b>2015</b>	<b>Subsidiary £ 000</b>
At start of period	1,513
Advanced	500
Repaid	(21)
<b>At end of period</b>	<b>1,992</b>

*Terms of loans to related parties*

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Loans owed by the subsidiary are unsecured, interest free and repayable on demand.

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**24 Related party transactions (continued)**

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*Loans from related parties*

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<b>2016</b>	<b>Other related parties £ 000</b>
At start of period	120
Repaid	(120)
<b>At end of period</b>	-

<b>2015</b>	<b>Other related parties £ 000</b>
At start of period	9
Advanced	111
<b>At end of period</b>	120

*Terms of loans from related parties*

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Loans payable to the ultimate controlling party are interest free, unsecured and repayable on demand.

*Company*

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*Summary of transactions with entities with joint control or significant interest*

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Sexton Holdings and its subsidiary, Azur Auto Limited, are deemed to hold significant influence over the group. Sexton Holdings Limited represents the group's minority interest.  
The group made payments in respect of directors' services to Azur Auto Limited.

Outstanding balances with related parties are unsecured, interest free and cash settlement is expected within 30 days of invoice.

*Summary of transactions with subsidiaries*

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The company rents business premises to its trading subsidiary, Birchwood Motor Group Limited.

Outstanding balances with related parties are unsecured, interest free and cash settlement is expected within 30 days of invoice.

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**24 Related party transactions (continued)**

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*Income and receivables from related parties*

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<b>2016</b>	<b>Subsidiary £ 000</b>
Leases	150
Amounts receivable from related party	45

<b>2015</b>	<b>Subsidiary £ 000</b>
Leases	88
Amounts receivable from related party	105

*Expenditure with and payables to related parties*

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<b>2016</b>	<b>Entities with joint control or significant influence £ 000</b>
Rendering of services	100
Amounts payable to related party	80

<b>2015</b>	<b>Entities with joint control or significant influence £ 000</b>
Rendering of services	100
Amounts payable to related party	120

*Loans to related parties*

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<b>2016</b>	<b>Subsidiary £ 000</b>
At start of period	1,992
Repaid	(84)
<b>At end of period</b>	<b>1,908</b>

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**Birchwood Garages Limited****Notes to the Financial Statements for the Year Ended 31 December 2016  
(continued)**

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**24 Related party transactions (continued)**

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<b>2015</b>	<b>Subsidiary £ 000</b>
At start of period	1,513
Advanced	500
Repaid	(21)
<b>At end of period</b>	<b>1,992</b>

*Terms of loans to related parties*

---

Loans owed by the subsidiary are unsecured, interest free and repayable on demand.

*Loans from related parties*

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<b>2016</b>	<b>Other related parties £ 000</b>
At start of period	120
Repaid	(120)
<b>At end of period</b>	<b>-</b>

<b>2015</b>	<b>Other related parties £ 000</b>
At start of period	9
Advanced	111
<b>At end of period</b>	<b>120</b>

*Terms of loans from related parties*

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Loans owed to the controlling party are unsecured, interest free and repayable on demand.

**25 Parent and ultimate parent undertaking**

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The ultimate controlling party is Mr MJ Hunt.