

Registration number: 03174407

Birchwood Garages Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2018



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



Birchwood Garages Limited

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Birchwood Garages Limited

Company Information

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

Birchwood Garages Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activity

The principal activity of the group is retail and servicing of motor vehicles under franchise.

Fair review of the business

During the year the company relinquished part of its interest in its trading subsidiary and no longer has control.

The company holds several property leases and recently signed a 25 year lease with Birchwood Motor Group who operate Ford and KIA franchises.

The directors are confident for further growth in profitability for the coming year through increased rents and a controlled lower cost base.

Principal risks and uncertainties

The company's strategy and the general nature of the business are not subject to any significant risks. However, the directors continually review the ongoing status of the company's activities and any potential new risks.

Approved by the Board on 28 March 2019 and signed on its behalf by:



.....
Mr I Sexton
Director

Birchwood Garages Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the consolidated financial statements for the year ended 31 December 2018.

Directors of the group

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

Mr I Sexton

Mr CJ Hunt

Financial instruments

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.

Price risk, credit risk, liquidity risk and cash flow 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.

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.

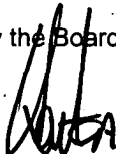
Short term flexibility is achieved by an overdraft facility, which stood at £Nil at the balance sheet date (2017: £1,343,606).

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

Disclosure of information to the auditor

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 March 2019 and signed on its behalf by:



.....
Mr I Sexton
Director

Birchwood Garages Limited

Statement of Directors' Responsibilities

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.

Birchwood Garages Limited

Independent Auditor's Report to the Members of Birchwood Garages Limited

Opinion

We have audited the financial statements of Birchwood Garages Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Birchwood Garages Limited

Independent Auditor's Report to the Members of Birchwood Garages Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Birchwood Garages Limited

Independent Auditor's Report to the Members of Birchwood Garages Limited

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

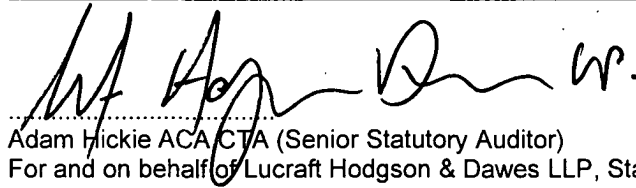
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Birchwood Garages Limited

Independent Auditor's Report to the Members of Birchwood Garages Limited

A handwritten signature in black ink, appearing to read 'Adam Hickie', is written over a dotted line.

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 March 2019

Birchwood Garages Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 Continuing operations £ 000	2018 Discontinued operations £ 000	2018 Total £ 000	2017 Continuing operations £ 000	2017 Discontinued operations £ 000	2017 Total £ 000
Turnover	3	57	62,538	62,595	-	88,336	88,336
Cost of sales		-	(59,355)	(59,355)	-	(84,096)	(84,096)
Gross profit		57	3,183	3,240	-	4,240	4,240
Administrative expenses		(47)	(3,379)	(3,426)	(45)	(4,625)	(4,670)
Other operating income	4	400	357	757	-	859	859
Profit on disposal of operations		-	381	381	-	-	-
Operating profit/(loss)	6	410	542	952	(45)	474	429
Interest payable and similar charges	7	(17)	(145)	(162)	(58)	(228)	(286)
Share of profit of equity accounted investees		126	-	126	-	-	-
Profit/(loss) before tax		519	397	916	(103)	246	143
Taxation	10	(54)	(275)	(329)	-	-	-
Profit/(loss) for the financial year		465	122	587	(103)	246	143
Profit/(loss) attributable to:							
Owners of the company		465	150	615	(103)	217	114
Minority interests		-	(28)	(28)	-	29	29
		465	122	587	(103)	246	143

The notes on pages 18 to 47 form an integral part of these financial statements.

Birchwood Garages Limited**Consolidated Profit and Loss Account for the Year Ended 31 December 2018**

The group has no recognised gains or losses for the year other than the results above.

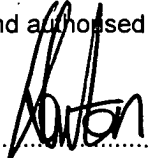
Birchwood Garages Limited**Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Profit for the year		587	143
Total comprehensive income for the year		587	143
Total comprehensive income attributable to:			
Owners of the company		615	114
Minority interests		(28)	29
		587	143

Birchwood Garages Limited**(Registration number: 03174407)****Consolidated Balance Sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	11	-	122
Tangible assets	12	-	7,263
Investment property	13	6,134	15
		6,134	7,400
Current assets			
Stocks	16	-	13,785
Debtors	17	808	3,335
Cash at bank and in hand		142	11
		950	17,131
Creditors: Amounts falling due within one year	19	(13)	(15,860)
Net current assets		937	1,271
Total assets less current liabilities		7,071	8,671
Creditors: Amounts falling due after more than one year	19	-	(4,800)
Provisions for liabilities		(314)	-
Net assets		6,757	3,871
Capital and reserves			
Called up share capital	20	12,075	9,775
Revaluation reserve	21	-	1,709
Profit and loss account	21	(5,318)	(8,852)
Equity attributable to owners of the company		6,757	2,632
Minority interests		-	1,239
Total equity		6,757	3,871

Approved and authorised by the Board on 28 March 2019 and signed on its behalf by:



.....
Mr I Sexton
Director

Birchwood Garages Limited**(Registration number: 03174407)****Balance Sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investment property	13	6,134	5,715
Investments	14	1	1
		6,135	5,716
Current assets			
Debtors	17	935	1,905
Cash at bank and in hand		142	3
		1,077	1,908
Creditors: Amounts falling due within one year	19	(13)	(12)
Net current assets		1,064	1,896
Total assets less current liabilities		7,199	7,612
Creditors: Amounts falling due after more than one year	19	-	(2,300)
Provisions for liabilities		(314)	(275)
Net assets		6,885	5,037
Capital and reserves			
Called up share capital		12,075	9,775
Profit and loss account		(5,190)	(4,738)
Total equity		6,885	5,037

The company made a loss after tax for the financial year of £451,450 (2017 - profit of £46,744).

Approved and authorised by the Board on 28 March 2019 and signed on its behalf by:


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Mr I Sexton
Director

The notes on pages 18 to 47 form an integral part of these financial statements.

Birchwood Garages Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018
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 2018	9,775	1,709	(8,852)	2,632	1,239	3,871
Profit/(loss) for the year	-	-	615	615	(29)	586
Total comprehensive income	-	-	615	615	(29)	586
New share capital subscribed	2,300	-	-	2,300	-	2,300
Transfers	-	(1,709)	2,919	1,210	(1,210)	-
At 31 December 2018	12,075	-	(5,318)	6,757	-	6,757

	Share capital £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2017	9,775	1,709	(8,966)	2,518	1,210	3,728
Profit for the year	-	-	114	114	29	143
Total comprehensive income	-	-	114	114	29	143
At 31 December 2017	9,775	1,709	(8,852)	2,632	1,239	3,871

The notes on pages 18 to 47 form an integral part of these financial statements.
Page 14

Birchwood Garages Limited**Statement of Changes in Equity for the Year Ended 31 December 2018**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	9,775	(4,738)	5,037
Loss for the year	-	(452)	(452)
Total comprehensive income	-	(452)	(452)
New share capital subscribed	2,300	-	2,300
At 31 December 2018	12,075	(5,190)	6,885

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	9,775	(4,785)	4,990
Profit for the year	-	47	47
Total comprehensive income	-	47	47
At 31 December 2017	9,775	(4,738)	5,037

Birchwood Garages Limited**Consolidated Statement of Cash Flows for the Year Ended 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Profit for the year		587	143
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	172	221
Changes in fair value of investment property	13	(400)	-
Profit from disposals of investments	5	(381)	-
Finance costs	7	162	286
Share of (loss)/profit of equity accounted investees		(126)	-
Income tax expense	10	329	-
		343	650
Working capital adjustments			
Increase in stocks	16	(135)	(219)
Increase in trade debtors	17	(802)	(286)
Increase in trade creditors	19	2,898	479
Net cash flow from operating activities		2,304	624
Cash flows from investing activities			
Acquisitions of tangible assets		(84)	(304)
Proceeds from sale of tangible assets		-	2
Acquisition of intangible assets	11	-	(81)
Acquisition of investment properties	13	(19)	(1)
Acquisition of investments in joint ventures and associates	14	(128)	-
Cash in subsidiary at disposal		(236)	-
Net cash flows from investing activities		(467)	(384)
Cash flows from financing activities			
Interest paid	7	(162)	(286)
Repayment of other borrowing		(200)	-
Net cash flows from financing activities		(362)	(286)
Net increase/(decrease) in cash and cash equivalents		1,475	(46)
Cash and cash equivalents at 1 January		(1,333)	(1,287)
Cash and cash equivalents at 31 December		142	(1,333)

The notes on pages 18 to 47 form an integral part of these financial statements.

Birchwood Garages Limited**Statement of Cash Flows for the Year Ended 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(452)	47
Adjustments to cash flows from non-cash items			
Changes in fair value of investment property	13	(400)	-
Finance costs		17	58
Income tax expense	10	55	-
		(780)	105
Working capital adjustments			
Decrease in trade debtors	17	970	48
Decrease in trade creditors	19	(15)	(94)
Net cash flow from operating activities		175	59
Cash flows from investing activities			
Proceeds from sale of subsidiaries		1	-
Acquisition of investment properties		(19)	(1)
Acquisition of investments in joint ventures and associates	14	(1)	-
Net cash flows from investing activities		(19)	(1)
Cash flows from financing activities			
Interest paid		(17)	(58)
Net increase in cash and cash equivalents		139	-
Cash and cash equivalents at 1 January		3	3
Cash and cash equivalents at 31 December		142	3

The notes on pages 18 to 47 form an integral part of these financial statements.

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is incorporated in England & Wales.

The address of its registered office is:

Lottbridge Drove
Eastbourne
East Sussex
BN23 6PX

These financial statements were authorised for issue by the Board on 28 March 2019.

2 Accounting policies

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.

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.

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.

These financial statements are presented in Sterling, which is also the company's functional currency. The financial statements are rounded to the nearest £1,000.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2018.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £451,450 (2017 - profit of £46,744).

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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.

An associate is an entity over which the company holds significant influence. Significant influence is achieved where the company has the power to participate in the financial and operating policy decisions of the associate without control.

The share of results of associates 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 associates to bring their accounting policies into line with those used by the group.

Unrealised gains on transactions between the company and its associates, 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.

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

Judgements

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

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

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.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

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:

Asset class	Depreciation method and rate
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.

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

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.

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

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.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

2 Accounting policies (continued)

Share capital

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

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.

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

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.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

3 Revenue

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

	2018 £ 000	2017 £ 000
Sale of goods	62,538	88,336
Rental income from investment property	57	-
	62,595	88,336

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

	2018 £ 000	2017 £ 000
New vehicle sales	33,374	46,828
Used vehicle sales	21,904	31,652
Servicing and parts income	5,321	7,333
Other turnover	1,939	2,523
Rental income from investment property	57	-
	62,595	88,336

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

	2018 £ 000	2017 £ 000
UK	62,595	88,336
	62,595	88,336

4 Other operating income

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

	2018 £ 000	2017 £ 000
Sub lease rental income	110	165
Miscellaneous other operating income	647	694
	757	859

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

5 Other gains and losses

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

	2018 £ 000
Gain (loss) from disposals of investments	381

6 Operating profit

Arrived at after charging/(crediting)

	2018 £ 000	2017 £ 000
Depreciation expense	138	194
Amortisation expense	34	27
Write-down of stocks to net realisable value	500	720
Operating lease expense - other	1	1

7 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
Interest on bank overdrafts and borrowings	32	18
Interest expense on other finance liabilities	130	268
	162	286

8 Staff costs

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

	2018 £ 000	2017 £ 000
Wages and salaries	3,316	4,472
Social security costs	258	351
Other short-term employee benefits	2	3
Pension costs, defined contribution scheme	3	35
Other employee expense	31	37
	3,610	4,898

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

8 Staff costs (continued)

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

	2018 No.	2017 No.
Vehicle sales	36	52
Servicing and parts	56	84
Administration and support	19	27
	111	163

9 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit of these financial statements	5	5
Audit of the financial statements of the subsidiaries of the company	23	30
	28	35
Other fees to auditors		
Taxation compliance services	4	4
All other assurance services	5	5
	9	9

10 Taxation

Tax charged/(credited) in the income statement

	2018 £ 000
Current taxation	
UK corporation tax	15
Deferred taxation	
Arising from origination and reversal of timing differences	314
Tax expense in the income statement	329

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	916	143
Corporation tax at standard rate	174	27
Effect of revenues exempt from taxation	(96)	-
Effect of expense not deductible in determining taxable profit (tax loss)	6	5
Effect of tax losses	(8)	(42)
Deferred tax expense (credit) relating to changes in tax rates or laws	(37)	-
Tax increase (decrease) from effect of capital allowances and depreciation	3	(15)
Tax increase (decrease) from effect of unrelieved tax losses carried forward	13	25
Tax increase (decrease) from changes in pension fund prepayment	(1)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	275	-
Total tax charge	329	-

*Deferred tax***Group****Deferred tax assets and liabilities**

	Liability £ 000
2018	
Revaluation of investment property	314
2017	
Revaluation of investment property	

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

10 Taxation (continued)

There are £39,622 of unused tax losses (2017 - £167,319) for which no deferred tax asset is recognised in the Balance Sheet.

Company

Deferred tax assets and liabilities

	Liability £ 000
2018	
Revaluation of investment property	314
	Liability £ 000
2017	
Revaluation of investment property	275

There are £39,622 of unused tax losses (2017 - £44,944) for which no deferred tax asset is recognised in the Balance Sheet.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

11 Intangible assets**Group**

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation			
At 1 January 2018	257	151	408
Disposals	(257)	(151)	(408)
At 31 December 2018	-	-	-
Amortisation			
At 1 January 2018	257	29	286
Amortisation charge	-	34	34
Amortisation eliminated on disposals	(257)	(63)	(320)
At 31 December 2018	-	-	-
Carrying amount			
At 31 December 2018	-	-	-
At 31 December 2017	-	122	122

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2017 - £Nil).

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

12 Tangible assets**Group**

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2018	7,574	1,120	928	9,622
Additions	1	67	16	84
Disposals	(1,875)	(1,187)	(944)	(4,006)
Transfers to/from investment property	(5,700)	-	-	(5,700)
At 31 December 2018	-	-	-	-
Depreciation				
At 1 January 2018	983	724	652	2,359
Charge for the year	16	93	29	138
Eliminated on disposal	(999)	(817)	(681)	(2,497)
At 31 December 2018	-	-	-	-
Carrying amount				
At 31 December 2018	-	-	-	-
At 31 December 2017	6,591	396	276	7,263

Included within the net book value of land and buildings above is £Nil (2017 - £5,700,000) in respect of freehold land and buildings and £Nil (2017 - £891,101) in respect of short leasehold land and buildings.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

13 Investment properties

Group

	2018 £ 000
At 1 January	15
Additions	19
Transfers to and from owner-occupied property	5,700
Fair value adjustments	400
At 31 December	6,134

Freehold property was revalued on an open market basis by Vail Williams LLP, a RICS Registered Valuer, at £6.1m.

Company

	2018 £ 000
At 1 January	5,715
Additions	19
Fair value adjustments	400
At 31 December	6,134

Freehold property was revalued on an open market basis by Vail Williams LLP, a RICS Registered Valuer, at £6.1m.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

14 Investments**Group**Details of undertakings

Details of the investments in which the group 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	
			2018	2017
Associates				
Birchwood Intermediate Limited*	England & Wales	Ordinary	40%	70%
Birchwood Motor Group Limited	England & Wales	Ordinary	40%	70%

* indicates direct investment of the company

Associate undertakings

The principal activity of Birchwood Intermediate Limited is non trading .

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

Company

	2018 £ 000	2017 £ 000
Investments in subsidiaries	-	1
Investments in associates	1	-
	1	1

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

14 Investments (continued)

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2018	1
Disposals	(1)
At 31 December 2018	-
Provision	
Carrying amount	
At 31 December 2018	-
At 31 December 2017	1

Associates	£ 000
Cost	
Additions	1
Provision	
Carrying amount	
At 31 December 2018	1

Aggregate financial information of associates

	2018	2017
	£ 000	£ 000
Revenues	91,646	88,336
Profit or loss	1,123	96

Details of undertakings

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:

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

14 Investments (continued)

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Birchwood Intermediate Limited	England & Wales	Ordinary shares	40%	70%
Birchwood Motor Group Limited	England & Wales	Ordinary shares (indirect)	40%	70%

Associates

Birchwood Intermediate Limited	England & Wales	Ordinary	40%	70%
Birchwood Motor Group Limited	England & Wales	Ordinary	40%	70%

The principal activity of Birchwood Intermediate Limited is non trading.

The principal activity of Birchwood Motor Group Limited is the retail and servicing of motor vehicles under franchise.

The principal activity of Birchwood Intermediate Limited is non trading.

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

15 Disposal of subsidiary

On 31 August 2018, the group disposed of its interest in Birchwood Motor Group Limited. The gain/(loss) on disposal of Birchwood Motor Group Limited was £380,783. Birchwood Motor Group Limited contributed £(94,082) to the group profit/(loss).

16 Stocks

	Group	
	2018 £ 000	2017 £ 000
New vehicles	-	7,930
Used vehicles	-	5,008
Parts	-	847
	-	13,785

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

16 Stocks (continued)

Group

The cost of stocks recognised as an expense in the year amounted to £48,238,678 (2017 - £68,876,513).

Impairment of inventories

The amount of impairment loss included in profit or loss is £500,009 (2017 - £720,002). The impairment loss is included in cost of sales.

The carrying amount of stocks pledged as security for liabilities amounted to £Nil (2017 - £5,660,351).

17 Debtors

		Group		Company	
	Note	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Trade debtors		-	1,410	-	-
Amounts owed by related parties	24	808	109	935	1,905
Other debtors		-	1,436	-	-
Prepayments		-	364	-	-
Income tax asset	10	-	16	-	-
Total current trade and other debtors		808	3,335	935	1,905

18 Cash and cash equivalents

		Group		Company	
		2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Cash on hand		-	3	-	-
Cash at bank		142	7	142	3
Short-term deposits		-	1	-	-
		142	11	142	3
Bank overdrafts		-	(1,344)	-	-
Cash and cash equivalents in statement of cash flows		142	(1,333)	142	3

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

19 Creditors

		Group		Company	
	Note	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Due within one year					
Loans and borrowings	22	-	1,344	-	-
Trade creditors		(2)	14,070	(2)	5
Social security and other taxes		-	114	-	7
Outstanding defined contribution pension costs		-	6	-	-
Other payables		-	(2)	-	-
Accrued expenses		-	127	-	-
Income tax liability	10	15	-	15	-
Payments on account		-	201	-	-
		13	15,860	13	12
Due after one year					
Loans and borrowings	22	-	4,800	-	2,300
		-	4,800	-	2,300

20 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.10 each	120,754	12,075	97,754	9,775

New shares allotted

During the year 23,000,000 ordinary shares having an aggregate nominal value of £2,300,000 were allotted for an aggregate consideration of £2,300,000. These shares were allotted as a debt to equity conversion.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

21 Reserves

Company

Retained earnings

Included within retained earnings are non-distributable amounts totalling £1,531,568 (2017 - £1,494,663) representing increases in the fair value of investment property.

22 Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Other borrowings	-	4,800	-	2,300
	-	4,800	-	2,300

	Group		Company
	2018	2017	2018
	£ 000	£ 000	£ 000
Current loans and borrowings			
Bank overdrafts	-	1,344	-
	-	1,344	-

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

22 Loans and borrowings (continued)

Group*Bank borrowings*

Bank overdraft is denominated in Sterling. The carrying amount at year end is £Nil (2017 - £1,343,606).

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 £Nil (2017 - £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.

Company*Other borrowings*

Autozones 2000 loan with a carrying amount of £Nil (2017 - £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.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

23 Obligations under leases and hire purchase contracts

Group*Operating leases*

The total of future minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Not later than one year	-	389
Later than one year and not later than five years	-	879
Later than five years	-	57
	-	1,325

The amount of non-cancellable operating lease payments recognised as an expense during the year was £329,806 (2017 - £388,656).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Not later than one year	200	165
Later than one year and not later than five years	801	377
Later than five years	32	28
	1,033	570

Total contingent rents recognised as income in the period are £167,191 (2017 - £164,965).

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

Company*Operating leases - lessor*

The total of future minimum lease payments is as follows:

	2018 £ 000
Not later than one year	200
Later than one year and not later than five years	801
Later than five years	32
	1,033

Total contingent rents recognised as income in the period are £57,215 (2017 - £Nil).

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

24 Related party transactions

Group

Key management personnel

Key management are considered to be the directors and senior management of the group.

Key management compensation

	2018 £ 000	2017 £ 000
Salaries and other short term employee benefits	481	627
	481	627

Summary of transactions with entities with joint control or significant interest

Sexton Holdings and its subsidiary, Azur Auto Limited, are deemed to hold significant influence over the group. Sexton Holdings Limited represented 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 associates

Following a partial disposal of the group's interest in the share capital of the direct parent of Birchwood Motor Group Limited it is now treated as an associate.

The group rents business premises and continues to provide a loan to Birchwood Motor Group Limited.

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 2018

24 Related party transactions (continued)

Summary of transactions with other related parties

The group has the following other related parties: Birchwood Auto Limited, a company under common control; Axtell Automobile Associates Limited and Pronto Car Cosmetix Limited, companies 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 2018

24 Related party transactions (continued)

Income and receivables from related parties

2018	Entities with joint control or significant influence £ 000	Associates £ 000	Other related parties £ 000
Sale of goods	1,022	-	1,217
Leases	-	55	-
	1,022	55	1,217

2017	Entities with joint control or significant influence £ 000	Other related parties £ 000
Sale of goods	1,238	2,364
	1,238	2,364
Amounts receivable from related party	33	76

Expenditure with and payables to related parties

2018	Entities with joint control or significant influence £ 000	Key management £ 000	Other related parties £ 000
Purchase of goods	139	-	684
Rendering of services	44	-	52
Leases	-	6	-
	183	6	736

2017	Entities with joint control or significant influence £ 000	Key management £ 000	Other related parties £ 000
Purchase of goods	183	-	683
Rendering of services	66	-	84
Leases	-	9	-
	249	9	767

Birchwood Garages Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

24 Related party transactions (continued)

Loans to related parties

2018	Associates £ 000
Repaid	(25)
Impairment	(128)
Reclassification	960
At end of period	807

Terms of loans to related parties

Loans to associates are unsecured, non-interest bearing and repayable on demand. The loans have been impaired by losses arising on investments in associates.

Company

Summary of transactions with subsidiaries

Birchwood Motor Group Limited was an indirect subsidiary of the company until 31 August 2018. Following a partial disposal of the company's interest in the share capital of the direct parent of Birchwood Motor Group Limited it is now treated as an associated company.

The company rented 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 associates

Birchwood Motor Group Limited was an indirect subsidiary of the company until 31 August 2018. Following a partial disposal of the company's interest in the share capital of the direct parent of Birchwood Motor Group Limited it is now treated as an associated company.

The company rented 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.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

24 Related party transactions (continued)

Income and receivables from related parties

2018	Subsidiary £ 000	Associates £ 000
Leases	113	55
	113	55

2017	Subsidiary £ 000
Leases	150
	150

Loans to related parties

2018	Subsidiary £ 000	Associates £ 000
At start of period	1,905	-
Repaid	(45)	(25)
Impairment	(900)	-
Reclassification	(960)	960
At end of period	-	935

2017	Subsidiary £ 000
At start of period	1,908
Repaid	(3)
At end of period	1,905

Terms of loans to related parties

Loans owed by subsidiaries and associates are unsecured, non-interest bearing and repayable on demand.

Birchwood Garages Limited**Notes to the Financial Statements for the Year Ended 31 December 2018**

25 Financial instruments**Group***Categorisation of financial instruments*

	2018 £ 000	2017 £ 000
Financial assets that are debt instruments measured at amortised cost	1,078	2,974
	1,078	2,974
Financial liabilities measured at amortised cost	13	17,528
	13	17,528

Company*Categorisation of financial instruments*

	2018 £ 000	2017 £ 000
Financial assets that are debt instruments measured at amortised cost	1,078	1,908
	1,078	1,908
Financial liabilities measured at amortised cost	13	2,312
	13	2,312

The total amount of impairment loss during the year is £Nil (2017 - £Nil)

26 Parent and ultimate parent undertaking

The ultimate controlling party is Mr MJ Hunt.