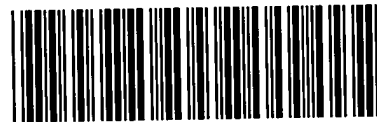


M & P Direct Limited
Financial Statements
31 December 2017

FRIDAY



A7FF1R9D

A01

28/09/2018

#129

COMPANIES HOUSE

M & P Direct Limited
Financial Statements
Year ended 31 December 2017

Contents	Pages
Officers and professional advisers	1
Strategic report	2 to 3
Directors' report	4 to 5
Independent auditor's report to the members	6 to 8
Statement of income and retained earnings	9
Statement of financial position	10
Statement of cash flows	11
Notes to the financial statements	12 to 21
The following pages do not form part of the financial statements	
Detailed income statement	23
Notes to the detailed income statement	24 to 25

M & P Direct Limited

Officers and Professional Advisers

The board of directors

L J Ballard
M T Collings

Company secretary

L J Ballard

Registered office

Phoenix Way
Garngoch Industrial Estate
Gorseinon
Swansea
SA4 9HN

Auditor

Harris Bassett Limited
Chartered accountant & statutory auditor
5 New Mill Court
Phoenix Way
Enterprise Park
Swansea
SA7 9FG

M & P Direct Limited

Strategic Report

Year ended 31 December 2017

The principal activity of the company continued to be that of the distribution and sale of motorcycles and motorcycle accessories.

Key financial highlights are as follows:

	Year ended 2017 £	Year ended 2016 £	Year ended 2015 £
Sales from operations	14,318,075	12,529,127	11,773,903
Gross profit	4,576,895	4,200,525	3,713,134
Gross profit %	31.9%	33.5%	31.5%
Stock	4,111,464	3,432,137	3,126,036
Net assets	6,610,277	6,192,885	5,823,537

The performance of the company has produced extremely positive results. The business growth was owing to the increase in turnover via the e-commerce route to market and the addition of the franchise Can-Am and Sea-Doc. Turnover has increased by a healthy 14.3% compared with the previous year however gross profit has decreased slightly by 1.6% to 31.9%. In the previous year the operational profitability was £493,959 compared with a healthy increase to £552,481 in 2017. These results demonstrate that the continued development of e-commerce and success of the multi-franchise dealerships along with controlling costs are proving to be key to the company's continued success.

The cash position of the company is strong, however the company experiences seasonal trends and therefore cash can be tight in the winter months. The company invests in stock during the winter months ready for the high level of trading in the spring and summer seasons.

The quick ratio for the company at the year end was 0.47, this is acceptable for the type of industry that the company operates in and is consistent with the previous year. As the industry requires stock holding, there is a large amount of investment in stock.

Harley-Davidson is proving to be a successful addition to the company's operations. The dealership sold 284 bikes in total over the previous 12 months. The company is continually looking at ways to promote the new Harley-Davidson dealership and there is a considerable amount of resource being invested to ensure the success of the dealership continues.

M & P Direct Limited

Strategic Report *(continued)*

Year ended 31 December 2017

Cash flow risk

Impact on company - There is a risk that cash flow can become tight during the winter months as the company invests in stock for the coming Spring and Summer seasons.

Assessment of change in risk year-on-year - There has been no change over the course of the year, this will continue to be a principal risk to the company.

Mitigation of risk - The cash flow is monitored by policies concerning the credit offered to customers and the credit given by suppliers.

Liquidity risk

Impact on company - There is a risk that the liquid assets are not sufficient to meet the liquid liabilities when they fall due. The risk has decreased from previous year as the quick ratio for the company has increased.

Assessment of change in risk year-on-year - The directors acknowledge this and will look to reduce its stock holding to cash as stated in future developments.

Mitigation of risk - The risk is managed by ensuring sufficient funds are available to meet amounts as they fall due.

Credit risk

Impact on company - There is an impact on the cash flow of the company which in the winter months can have a significant effect on the company's ability to trade.

Assessment of change in risk year-on-year - Previously the company had decreased its trade sales and therefore the amount of credit given was reduced. During the year the company increased its trading with trade customers and therefore this is a principal risk to the company.

Mitigation of risk - Continued monitoring of amounts outstanding for both time and credit limits. Companies are checked for credit worthiness prior to credit being made available.

Over the next 12 months the company will make every effort to reduce stock holding and converting stock to cash. The cash will be reinvested in stock lines that are of a greater profit margin and will turnover more frequently. The company has recently acquired BMW Motorrad and MV Agusta which will form part of the growth over the coming 12 months. The development of the workshop and implementation of a new computer system will be the company's top priority. The company will invest in a new Dealer Management System and a new Enterprise Resource Planning System. The Outfitters branded showroom has proven to be a huge success and the company have leased a new premises adjacent to the current site in order to facilitate the new BMW Motorrad showroom.

This report was approved by the board of directors on 26/09/18 and signed on behalf of the board by:



M T Collings
Director

M & P Direct Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

L J Ballard
M T Collings

Dividends

The directors do not recommend the payment of a dividend.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 26 to the financial statements.

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

M & P Direct Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 26/09/18 and signed on behalf of the board by:



M T Collings
Director

M & P Direct Limited

Independent Auditor's Report to the Members of M & P Direct Limited

Year ended 31 December 2017

Opinion

We have audited the financial statements of M & P Direct Limited for the year ended 31 December 2017 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company 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 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.

M & P Direct Limited

Independent Auditor's Report to the Members of M & P Direct Limited (continued)

Year ended 31 December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared, is consistent with the financial statements, and the strategic report and the 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records 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 directors' responsibilities statement, 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.

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

M & P Direct Limited

Independent Auditor's Report to the Members of M & P Direct Limited *(continued)*

Year ended 31 December 2017

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Susan Phillips (Senior Statutory Auditor) 26 September 2018

For and on behalf of
Harris Bassett Limited
Chartered accountant & statutory auditor
5 New Mill Court
Phoenix Way
Enterprise Park
Swansea
SA7 9FG

M & P Direct Limited
Statement of Income and Retained Earnings
Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	14,318,075	12,529,127
Cost of sales		<u>(9,741,180)</u>	<u>(8,328,602)</u>
Gross profit		4,576,895	4,200,525
Distribution costs		<u>(2,147,124)</u>	<u>(1,963,138)</u>
Administrative expenses		<u>(1,905,890)</u>	<u>(1,768,428)</u>
Other operating income	5	<u>28,600</u>	<u>25,000</u>
Operating profit	6	552,481	493,959
Other interest receivable and similar income	9	<u>35</u>	<u>1,073</u>
Interest payable and similar expenses	10	<u>(21,211)</u>	<u>(26,016)</u>
Profit before taxation		531,305	469,016
Tax on profit	11	<u>(113,913)</u>	<u>(99,668)</u>
Profit for the financial year and total comprehensive income		417,392	369,348
Retained earnings at the start of the year		<u>5,870,635</u>	<u>5,501,287</u>
Retained earnings at the end of the year		<u>6,288,027</u>	<u>5,870,635</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

M & P Direct Limited
Statement of Financial Position
31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	2,077	4,320
Tangible assets	13	4,583,768	4,697,013
		<u>4,585,845</u>	<u>4,701,333</u>
Current assets			
Stocks	14	4,111,464	3,432,137
Debtors	15	1,067,996	913,461
Cash at bank and in hand		98,147	97,251
		<u>5,277,607</u>	<u>4,442,849</u>
Creditors: amounts falling due within one year	17	<u>(2,550,648)</u>	<u>(2,142,809)</u>
Net current assets		<u>2,726,959</u>	<u>2,300,040</u>
Total assets less current liabilities		<u>7,312,804</u>	<u>7,001,373</u>
Creditors: amounts falling due after more than one year	18	(479,527)	(583,488)
Provisions			
Taxation including deferred tax	20	(223,000)	(225,000)
Net assets		<u>6,610,277</u>	<u>6,192,885</u>
Capital and reserves			
Called up share capital	23	322,250	322,250
Profit and loss account	24	6,288,027	5,870,635
Members funds		<u>6,610,277</u>	<u>6,192,885</u>

These financial statements were approved by the board of directors and authorised for issue on 26.09.18, and are signed on behalf of the board by:


M. J. Collings
Director

Company registration number: 03928542

The notes on pages 12 to 21 form part of these financial statements.

M & P Direct Limited

Statement of Cash Flows

Year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		417,392	369,348
<i>Adjustments for:</i>			
Depreciation of tangible assets		163,193	162,458
Amortisation of intangible assets		2,243	2,242
Other interest receivable and similar income		(35)	(1,073)
Interest payable and similar expenses		21,211	26,016
Gains on disposal of tangible assets		(3,083)	(3,967)
Tax on profit		113,913	99,668
Accrued expenses		65,630	31,837
<i>Changes in:</i>			
Stocks		(679,327)	(306,101)
Trade and other debtors		(154,535)	(253,268)
Trade and other creditors		558,289	131,426
Cash generated from operations		504,891	258,586
Interest paid		(21,211)	(26,016)
Interest received		35	1,073
Tax paid		(89,668)	(83,762)
Net cash from operating activities		394,047	149,881
Cash flows from investing activities			
Purchase of tangible assets		(55,198)	(164,574)
Proceeds from sale of tangible assets		8,333	5,030
Net cash used in investing activities		(46,865)	(159,544)
Cash flows from financing activities			
Repayment of borrowings		(116,914)	(98,714)
Repayment of loans to group undertakings		(53,236)	-
Proceeds from/(repayment of) loans from participating interests		(277,021)	53,670
Proceeds from/(payments of) finance leases		(5,116)	21,603
Net cash used in financing activities		(452,287)	(23,441)
Net decrease in cash and cash equivalents		(105,105)	(33,104)
Cash and cash equivalents at beginning of year		43,436	76,540
Cash and cash equivalents at end of year	16	(61,669)	43,436

The notes on pages 12 to 21 form part of these financial statements.

M & P Direct Limited
Notes to the Financial Statements
Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Phoenix Way, Garngoch Industrial Estate, Gorseinon, Swansea, SA4 9HN.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Income tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Licences are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

M & P Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20% straight line
Licences	-	10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and buildings	-	2% straight line
Plant and machinery	-	20% straight line
Fixtures and Fittings	-	10% straight line
Motor vehicles	-	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stock is valued at the lower of cost and net realisable value.

M & P Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	14,244,345	12,423,413
Commissions	33,730	30,714
Other significant types of revenue	40,000	75,000
	<u>14,318,075</u>	<u>12,529,127</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

M & P Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

5. Other operating income

	2017	2016
	£	£
Rental income	<u>28,600</u>	<u>25,000</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Amortisation of intangible assets	2,243	2,242
Depreciation of tangible assets	163,193	162,458
Gains on disposal of tangible assets	(3,083)	(3,967)
Impairment of trade debtors	3,628	1,659
Foreign exchange differences	107,771	37,517
Fees payable for the audit of the financial statements	<u>8,500</u>	<u>8,660</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Distribution staff	55	50
Administrative staff	<u>26</u>	<u>23</u>
	<u>81</u>	<u>73</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	1,265,523	1,163,296
Social security costs	115,557	89,790
Other pension costs	7,772	7,338
	<u>1,388,852</u>	<u>1,260,424</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	<u>66,084</u>	<u>66,098</u>

During the year, retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution schemes.

M & P Direct Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2017

9. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>35</u>	<u>1,073</u>

10. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	20,110	24,814
Interest on obligations under finance leases and hire purchase contracts	<u>1,101</u>	<u>1,202</u>
	<u>21,211</u>	<u>26,016</u>

11. Tax on profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	115,913	89,668
Deferred tax:		
Origination and reversal of timing differences	<u>(2,000)</u>	<u>10,000</u>
Tax on profit	<u>113,913</u>	<u>99,668</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	<u>531,305</u>	<u>469,016</u>
Profit on ordinary activities by rate of tax	100,948	93,803
Effect of expenses not deductible for tax purposes	68	(718)
Effect of capital allowances and depreciation	13,998	(3,417)
Effect of revenue exempt from tax	(586)	-
Effect of different UK tax rates on some earnings	1,485	-
Other tax adjustment to increase/(decrease) tax liability	<u>(2,000)</u>	<u>10,000</u>
Tax on profit	<u>113,913</u>	<u>99,668</u>

M & P Direct Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

12. Intangible assets

	Goodwill £	Development costs £	Total £
Cost			
At 1 January 2017 and 31 December 2017	<u>120,510</u>	<u>81,805</u>	<u>202,315</u>
Amortisation			
At 1 January 2017	120,510	77,485	197,995
Charge for the year	—	2,243	2,243
At 31 December 2017	<u>120,510</u>	<u>79,728</u>	<u>200,238</u>
Carrying amount			
At 31 December 2017	<u>—</u>	<u>2,077</u>	<u>2,077</u>
At 31 December 2016	<u>—</u>	<u>4,320</u>	<u>4,320</u>

13. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2017	4,929,678	172,293	299,567	82,249	5,483,787
Additions	6,600	5,994	38,104	4,500	55,198
Disposals	—	—	—	(12,000)	(12,000)
At 31 December 2017	<u>4,936,278</u>	<u>178,287</u>	<u>337,671</u>	<u>74,749</u>	<u>5,526,985</u>
Depreciation					
At 1 January 2017	436,511	138,466	174,794	37,003	786,774
Charge for the year	98,593	18,291	32,059	14,250	163,193
Disposals	—	—	—	(6,750)	(6,750)
At 31 December 2017	<u>535,104</u>	<u>156,757</u>	<u>206,853</u>	<u>44,503</u>	<u>943,217</u>
Carrying amount					
At 31 December 2017	<u>4,401,174</u>	<u>21,530</u>	<u>130,818</u>	<u>30,246</u>	<u>4,583,768</u>
At 31 December 2016	<u>4,493,167</u>	<u>33,827</u>	<u>124,773</u>	<u>45,246</u>	<u>4,697,013</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 December 2017	<u>16,274</u>
At 31 December 2016	<u>23,249</u>

M & P Direct Limited
Notes to the Financial Statements *(continued)*
Year ended 31 December 2017

14. Stocks

	2017 £	2016 £
Finished goods	<u>4,111,464</u>	<u>3,432,137</u>

Stocks recognised in cost of sales during the year as an expense were £9,524,888 (2016: £8,124,804). An impairment loss of £250,000 (2016: £160,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors

	2017 £	2016 £
Trade debtors	109,974	20,325
Amounts owed by undertakings in which the company has a participating interest	603,621	573,621
Prepayments and accrued income	116,079	211,473
Other debtors	238,322	108,042
	<u>1,067,996</u>	<u>913,461</u>

16. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017 £	2016 £
Cash at bank and in hand	98,147	97,251
Bank overdrafts	(159,816)	(53,815)
	<u>(61,669)</u>	<u>43,436</u>

17. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	252,316	146,315
Trade creditors	1,780,964	1,323,228
Amounts owed to group undertakings	—	53,236
Amounts owed to undertakings in which the company has a participating interest	(69,264)	207,757
Accruals and deferred income	130,333	64,703
Corporation tax	115,913	89,668
Social security and other taxes	210,125	165,072
Obligations under finance leases and hire purchase contracts	5,116	5,116
Director loan accounts	44,294	62,363
Other creditors	80,851	25,351
	<u>2,550,648</u>	<u>2,142,809</u>

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

M & P Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

18. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank loans and overdrafts	465,024	563,869
Obligations under finance leases and hire purchase contracts	14,503	19,619
	<u>479,527</u>	<u>583,488</u>

Included within creditors: amounts falling due after more than one year is an amount of £95,024 (2016: £193,869) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loan is secured with a legal charge over the property at Phoenix Way, Garngoch Industrial Estate, Gorseinon, Swansea, SA4 9HN. Interest is charged at 2.25% and 3.25% respectively over LIBOR Base Rate and the loans will be repaid monthly.

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2017	2016
	£	£
Not later than 1 year	5,116	5,116
Later than 1 year and not later than 5 years	14,503	19,619
	<u>19,619</u>	<u>24,735</u>

20. Provisions

	Deferred tax (note 21)
	£
At 1 January 2017	225,000
Additions	(2,000)
At 31 December 2017	<u>223,000</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in provisions (note 20)	<u>223,000</u>	<u>225,000</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Provisions	<u>223,000</u>	<u>225,000</u>

M & P Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £7,772 (2016: £7,338).

23. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>322,250</u>	<u>322,250</u>	<u>322,250</u>	<u>322,250</u>

24. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	<u>3,067</u>	<u>3,069</u>
Later than 1 year and not later than 5 years	<u>3,177</u>	<u>6,244</u>
	<u>6,244</u>	<u>9,313</u>

26. Events after the end of the reporting period

After the year end, the Honda franchise has been taken on in Swansea and a new lease was signed for a building in Cardiff to run the Cardiff Harley Davidson business. The lease is on a ten year basis, with an option for a break in year five, for £80,000 per annum. A new loan of £1.5m has been arranged to repay the existing facility and fund these new opportunities.

M & P Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

27. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

2017			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid
	£	£	£
M T Collings	(62,363)	85,935	(67,866)
			Balance outstanding
			£
			(44,294)

2016			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid
	£	£	£
M T Collings	(66,714)	128,087	(123,736)
			Balance outstanding
			£
			(62,363)

28. Related party transactions

During the year the company incurred the following transactions with companies connected by common control:-

Smarks Limited:

Sales/recharges of expenses on normal trading terms of £131,567 (2016 - £62,106).

Management fees charged of £15,000 (2016 - £15,000).

Purchases/recharges from Smarks Limited at 31 December 2017 was £91,828 (2016 - £79,695).

The balance due from Smarks Limited at 31 December 2017 was £69,283 (2016 - £207,757).

Busters Limited:

Management fees charged of £25,000 (2016 - £30,000).

The balance due from Busters at 31 December 2017 was £603,621 (2016 - £573,621).

29. Controlling party

The immediate parent company is MCBH Limited, a company registered in England and Wales. Copies of MCBH Limited consolidated financial statements can be obtained from the Company Secretary at Phoenix Way, Garngoch Industrial Estate, Gorseinon, Swansea SA4 9HN. The ultimate controlling party is Mr M T Collings who is both a director and majority shareholder of MCBH Limited.