

**WESTOVER GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**MICHAEL KAY**  
— & —  
**COMPANY**

TUESDAY



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COMPANIES HOUSE

# WESTOVER GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P C Wood M Boyd P Dillon K J Martin P Collins
<b>Secretary</b>	M J C Stevens
<b>Company number</b>	04313496
<b>Registered office</b>	382 Charminster Road Bournemouth Dorset BH8 9SA
<b>Auditors</b>	Michael Kay & Company Limited 2 Water Court Water Street Birmingham West Midlands B3 1HP
<b>Business address</b>	382 Charminster Road Bournemouth Dorset BH8 9SA
<b>Bankers</b>	Lloyds Bank Plc 45-47 Christchurch Road Bournemouth Dorset BH1 1ED

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# WESTOVER GROUP LIMITED

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# WESTOVER GROUP LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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

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

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and complex nature of the business and is written in the context of risks and uncertainties faced.

The company is a multi franchise motor vehicle dealer having the following divisions:

- i) Sales of new and used vehicles
- ii) Servicing and repairs, including body shop repairs and the sale of parts.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, operating profit and return on capital employed.

The rise in turnover during the year reflects the ongoing strong demand in the vehicle sales market, especially for new models, although margins are being eroded due to the increasing competition between rival manufacturers for market share. After-sales growth was more modest in what continues to be a highly competitive sector. Overhead absorption was above the industry average of 53%.

The Directors are satisfied with the results for the year, which are in line with expectations.

The operating profit increased to £6,848,864 representing a return on sales of 2.07% (2015, £5,068,330, a return on sales of 1.83%) compared with the industry average of 1.08%. The profit before tax but after interest increased to £6,459,599 compared with £4,793,623 in 2015.

The return on capital employed has increased to 29% (2015 21%). Return on capital employed is calculated as profit before interest and tax, divided by capital employed. Capital employed constitutes total assets less current liabilities, investments in subsidiaries, cash, amounts due from subsidiaries and other short term borrowings.

### **Principal risks and uncertainties**

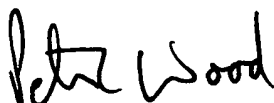
The business environment in which we operate continues to be challenging. The car market in the UK is highly competitive. In addition we are of course subject to consumer spending patterns and consumers' overall level of disposable income within the economy.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

Trade debtors are managed in respect of credit and cash flow risks by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidated risk is managed by ensuring sufficient funds are available to meet amounts due.

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors, loans to the company and lease purchase agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

On behalf of the board



P C Wood

**Director**

8 June 2017

# WESTOVER GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

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The directors present their annual report and financial statements for the year ended 31 December 2016.

#### Principal activities

The principal activity of the Group is trading as motor distributors and allied services.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P C Wood  
M Boyd  
P Dillon  
K J Martin  
P Collins

#### Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £400,000. The directors do not recommend payment of a final dividend.

#### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2016	31 December 2015
P C Wood	-	-
M Boyd	5,000	5,000
P Dillon	5,000	5,000
K J Martin	1,000	1,000
P Collins	5,000	5,000

P C Wood has an interest of 58,812 (2015 58,812) ordinary shares in Westover Holdings Limited, the parent company of Westover Group Limited.

#### Financial instruments

##### Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### Interest rate risk

The company is exposed to cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

##### Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

# WESTOVER GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

### Auditor

In accordance with the company's articles, a resolution proposing that Michael Kay & Company Limited be reappointed as auditor of the company will be put at a General Meeting.

### 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 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.

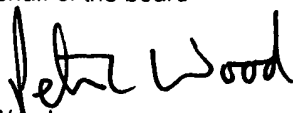
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P C Wood

Director

8 June 2017

# **WESTOVER GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF WESTOVER GROUP LIMITED**

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We have audited the financial statements of Westover Group Limited for the year ended 31 December 2016 set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other 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.

# **WESTOVER GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF WESTOVER GROUP LIMITED**

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### **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 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, 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.

**Michael Kay (Senior Statutory Auditor)**  
**for and on behalf of Michael Kay & Company Limited**

8 June 2017

**Chartered Accountants**  
**Statutory Auditor**

2 Water Court  
Water Street  
Birmingham  
West Midlands  
B3 1HP



# WESTOVER GROUP LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	330,731,648	276,922,342
Cost of sales		(296,927,739)	(246,278,488)
<b>Gross profit</b>		<b>33,803,909</b>	<b>30,643,854</b>
Distribution costs		(14,046,724)	(13,064,714)
Administrative expenses		(12,908,321)	(12,510,810)
<b>Operating profit</b>	4	<b>6,848,864</b>	<b>5,068,330</b>
Interest receivable and similar income	8	10,668	40,570
Interest payable and similar expenses	9	(399,933)	(315,277)
<b>Profit before taxation</b>		<b>6,459,599</b>	<b>4,793,623</b>
Taxation	10	(1,293,537)	(971,695)
<b>Profit for the financial year</b>	27	<b>5,166,062</b>	<b>3,821,928</b>
<b>Total comprehensive income for the year</b>		<b>5,166,062</b>	<b>3,821,928</b>
Retained earnings at 1 January 2016		24,203,603	21,381,675
Dividends		(400,000)	(1,000,000)
Retained earnings at 31 December 2016		<u>28,969,665</u>	<u>24,203,603</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

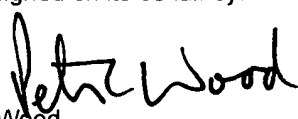
# WESTOVER GROUP LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	13	1,622,003		1,526,109	
Investments	14	1,025,809		1,025,809	
		<u>2,647,812</u>		<u>2,551,918</u>	
<b>Current assets</b>					
Stocks	17	43,032,586		35,432,950	
Debtors falling due after one year	18	13,911,876		13,097,194	
Debtors falling due within one year	18	13,051,717		11,645,514	
Cash at bank and in hand		7,241,912		2,187,929	
		<u>77,238,091</u>		<u>62,363,587</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(47,888,282)</u>		<u>(37,736,671)</u>	
<b>Net current assets</b>		<u>29,349,809</u>		<u>24,626,916</u>	
<b>Total assets less current liabilities</b>		<u>31,997,621</u>		<u>27,178,834</u>	
<b>Creditors: amounts falling due after more than one year</b>	20	<u>(1,083,183)</u>		<u>(1,025,809)</u>	
<b>Provisions for liabilities</b>	22	<u>(56,680)</u>		<u>(61,329)</u>	
<b>Net assets</b>		<u><u>30,857,758</u></u>		<u><u>26,091,696</u></u>	
<b>Capital and reserves</b>					
Called up share capital	26	100,000		100,000	
Share premium account	25	1,788,093		1,788,093	
Profit and loss reserves	27	28,969,665		24,203,603	
<b>Total equity</b>		<u><u>30,857,758</u></u>		<u><u>26,091,696</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 8 June 2017 and are signed on its behalf by:

  
P C Wood  
Director

Company Registration No. 04313496

# WESTOVER GROUP LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	31	7,333,749		1,443,794	
Interest paid		(399,933)		(315,277)	
Income taxes paid		(965,278)		(1,044,410)	
<b>Net cash inflow from operating activities</b>		<u>5,968,538</u>		<u>84,107</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(598,244)		(363,358)	
Proceeds on disposal of tangible fixed assets		-		249	
Interest received		<u>10,668</u>		<u>40,570</u>	
<b>Net cash used in investing activities</b>		(587,576)		(322,539)	
<b>Financing activities</b>					
Payment of finance leases obligations		73,021		-	
Dividends paid		<u>(400,000)</u>		<u>(1,000,000)</u>	
<b>Net cash used in financing activities</b>		<u>(326,979)</u>		<u>(1,000,000)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		5,053,983		(1,238,432)	
Cash and cash equivalents at beginning of year		<u>2,187,929</u>		<u>3,426,361</u>	
<b>Cash and cash equivalents at end of year</b>		<u><u>7,241,912</u></u>		<u><u>2,187,929</u></u>	

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

#### Company information

Westover Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 382 Charminster Road, Bournemouth, Dorset, BH8 9SA.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Westover Group Limited is a majority owned subsidiary of Westover Holdings Limited and the results of Westover Group Limited are included in the consolidated financial statements of Westover Holdings Limited which are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised as it is earned.

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	12.5% on cost
Fixtures, fittings & equipment	12.5% on cost/15 to 25% on cost lease improve & IT
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss account.

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

#### 1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### Fair value measurement of financial instruments

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at recoverable amount where the transaction is measured at the present value of the future receipts.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at cost less any impairment.

##### Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated recoverable amount. The impairment loss is recognised in the profit or loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss account.

##### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies are initially recognised at transaction price.

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at fair value.

##### Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### Deferred tax

Deferred tax is provided using the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### 1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### Fixed asset valuation

Fixed assets are measured at cost net of depreciation. The latter is calculated by reference to the expected useful life of the fixed assets which is determined according to management estimates which are influenced by historical trends in asset disposal profit/loss, and prevailing market and economic trends.

##### Stock valuation

Stocks and work in progress are valued at the lower cost and net realisable value. New realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.



# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Sale of new and used vehicles	288,586,768	240,250,657
Sale of servicing and repairs including bodyshop and parts	42,144,880	36,671,685
	<u>330,731,648</u>	<u>276,922,342</u>
 <b>Other significant revenue</b>		
Interest income	<u>10,668</u>	<u>40,570</u>

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	496,877	472,605
Loss on disposal of tangible fixed assets	5,473	69
Cost of stocks recognised as an expense	291,141,199	241,693,351
Operating lease charges	<u>2,699,943</u>	<u>2,739,376</u>

### 5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>41,500</u>	<u>37,000</u>
<b>For other services</b>		
Audit-related assurance services	3,500	-
Taxation compliance services	<u>1,500</u>	<u>1,500</u>
	<u>5,000</u>	<u>1,500</u>

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Head office administration	39	39
Sales and non-productives	518	463
Production	136	128
	<u>693</u>	<u>630</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	17,766,370	15,554,035
Social security costs	1,868,413	1,708,657
Pension costs	300,541	255,144
	<u>19,935,324</u>	<u>17,517,836</u>

#### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	658,100	649,760
Company pension contributions to defined contribution schemes	22,381	24,493
	<u>680,481</u>	<u>674,253</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2015 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	285,465	275,754
Company pension contributions to defined contribution schemes	6,333	9,000
	<u>291,798</u>	<u>284,754</u>

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	10,668	40,570

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss account	10,668	40,570
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### 9 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	28,116	21,132
<b>Other finance costs:</b>		
Other interest	371,817	294,145
	399,933	315,277

### 10 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,298,186	943,012
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,649)	29,337
Changes in tax rates	-	(654)
Total deferred tax	(4,649)	28,683
Total tax charge	1,293,537	971,695

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	6,459,599	4,793,623
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	1,291,920	970,709
Tax effect of expenses that are not deductible in determining taxable profit	574	3,426
Effect of change in corporation tax rate	-	(654)
Permanent capital allowances in excess of depreciation	-	(1,786)
Depreciation on assets not qualifying for tax allowances	1,043	-
Taxation charge for the year	1,293,537	971,695

#### 11 Dividends

	2016 £	2015 £
Interim paid	400,000	1,000,000

#### 12 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	450,000
<b>Amortisation and impairment</b>	
At 1 January 2016 and 31 December 2016	450,000
<b>Carrying amount</b>	
At 31 December 2016	-
At 31 December 2015	-

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 13 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2016	3,090,483	3,759,606	22,315	6,872,404
Additions	176,710	421,534	-	598,244
Disposals	-	(5,473)	(10,776)	(16,249)
At 31 December 2016	3,267,193	4,175,667	11,539	7,454,399
<b>Depreciation and impairment</b>				
At 1 January 2016	2,395,892	2,928,089	22,314	5,346,295
Depreciation charged in the year	239,352	257,525	-	496,877
Eliminated in respect of disposals	-	-	(10,776)	(10,776)
At 31 December 2016	2,635,244	3,185,614	11,538	5,832,396
<b>Carrying amount</b>				
At 31 December 2016	631,949	990,053	1	1,622,003
At 31 December 2015	694,591	831,517	1	1,526,109

#### 14 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	15	1,025,809	1,025,809

#### Movements in fixed asset investments

	Shares £
<b>Cost or valuation</b>	
At 1 January 2016 & 31 December 2016	1,025,809
<b>Carrying amount</b>	
At 31 December 2016	1,025,809
At 31 December 2015	1,025,809

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 15 Subsidiaries

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the Westover Group are prepared and publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Otton Brothers Limited	UK	Dormant	Ordinary	100.00	
GG06127 Limited	UK	Dormant	Ordinary	100.00	
GG06126 Limited	UK	Dormant	Ordinary	100.00	
GG06124 Limited	UK	Dormant	Ordinary	100.00	
GG06123 Limited	UK	Dormant	Ordinary	100.00	
GG06125 Limited	UK	Dormant	Ordinary	100.00	
GG06122 Limited	UK	Dormant	Ordinary	100.00	

The investments in subsidiaries are stated at cost net of any impairment.

### 16 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at cost less impairment	21,780,932	21,051,776
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at fair value	47,435,008	37,932,478
	<u>          </u>	<u>          </u>

### 17 Stocks

	2016 £	2015 £
Raw materials and consumables	1,480,474	1,333,355
Work in progress	192,577	140,077
Finished goods and goods for resale	41,359,535	33,959,518
	<u>          </u>	<u>          </u>
	43,032,586	35,432,950
	<u>          </u>	<u>          </u>

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 18 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	7,357,839	7,568,352
Other debtors	511,217	839,168
Prepayments and accrued income	5,182,661	3,237,994
	<u>13,051,717</u>	<u>11,645,514</u>
<b>Amounts falling due after more than one year:</b>		
Amounts due from group undertakings	<u>13,911,876</u>	<u>13,097,194</u>
<b>Total debtors</b>	<u>26,963,593</u>	<u>24,742,708</u>

Trade debtors disclosed above are measured at the lower of cost or recoverable amount.

The term loan to the parent company Westover Holdings Limited is unsecured and interest free and there are no formal repayment arrangements. No market rate notional intercompany interest charge has been applied in these accounts.

### 19 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Obligations under finance leases	21	15,647	-
Trade creditors		42,608,144	33,679,205
Corporation tax		695,410	362,502
Other taxation and social security		841,047	467,500
Other creditors		1,446,390	1,107,183
Accruals and deferred income		2,281,644	2,120,281
		<u>47,888,282</u>	<u>37,736,671</u>

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 20 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	21	57,374	-
Amounts due to group undertakings		1,025,809	1,025,809
		<u>1,083,183</u>	<u>1,025,809</u>

The term loan from subsidiary undertakings is unsecured and interest free and there are no formal repayment arrangements. No market rate notional intercompany interest charge has been applied in these accounts.

### 21 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	15,647	-
In two to five years	57,374	-
	<u>73,021</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 22 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	23	56,680	61,329
		<u>56,680</u>	<u>61,329</u>

### 23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
ACAs	<u>56,680</u>	<u>61,329</u>



# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 23 Deferred taxation (Continued)

	2016 £
<b>Movements in the year:</b>	
Liability at 1 January 2016	61,329
Credit to profit or loss	(4,649)
	<hr/>
Liability at 31 December 2016	56,680
	<hr/>

### 24 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	300,541	255,144
	<hr/>	<hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 25 Share premium account

	2016 £	2015 £
At beginning and end of year	1,788,093	1,788,093

#### 26 Share capital

	2016 £	2015 £
<b>Ordinary share capital Issued and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000

#### 27 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	24,203,603	21,381,675
Profit for the year	5,166,062	3,821,928
Dividends	(400,000)	(1,000,000)
At the end of the year	28,969,665	24,203,603

#### 28 Financial commitments, guarantees and contingent liabilities

As a result of group registration for value added tax the company is jointly and severally liable together with other members of the group for any value added tax due by the representatives of the group. As at 31 December 2016 the amount owing not provided in the financial statements was £Nil (2015 £Nil).

#### 29 Operating lease commitments

##### Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Leases are negotiated for an average term of 10 to 20 years and rentals are fixed for an average of 5 years. The total cost of property lease rentals in the year was £2,699,943 (2015 £2,739,376).

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	554,500	613,000
Between two and five years	1,958,075	2,112,500
In over five years	3,049,000	3,245,667
	5,561,575	5,971,167

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 30 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	680,481	674,253

##### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Property rental costs		Dividends paid	
	2016 £	2015 £	2016 £	2015 £
Entities with control, joint control or significant influence over the company	1,945,608	1,965,604	330,000	825,000
Key management personnel	-	-	64,000	160,000
Other related parties	70,000	70,000	6,000	15,000
	<u>2,015,608</u>	<u>2,035,604</u>	<u>400,000</u>	<u>1,000,000</u>

The following amounts were outstanding at the reporting end date:

	2016 £
<b>Amounts owed by related parties</b>	
Entities with control, joint control or significant influence over the company	13,911,876
	<u>13,911,876</u>
<b>Amounts owed in previous period</b>	2015 £
Entities with control, joint control or significant influence over the company	13,097,194
	<u>13,097,194</u>

No guarantees have been given or received.

# WESTOVER GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 31 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	5,166,062	3,821,928
<b>Adjustments for:</b>		
Taxation charged	1,293,537	971,695
Finance costs	399,933	315,277
Investment income	(10,668)	(40,570)
Loss on disposal of tangible fixed assets	5,473	69
Depreciation and impairment of tangible fixed assets	496,877	472,605
<b>Movements in working capital:</b>		
(Increase) in stocks	(7,599,636)	(6,192,500)
(Increase) in debtors	(2,220,885)	(4,459,832)
Increase in creditors	9,803,056	6,555,122
<b>Cash generated from operations</b>	<u>7,333,749</u>	<u>1,443,794</u>