Penarth Commercial Properties (Holdings) Limited

Directors' report and consolidated financial statements

Registered number 5159037

28 February 2013

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	5
Independent auditor's report to the members of Penarth Commercial Properties (Holdings) Limited	6
Consolidated profit and loss account	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11
Notes	12

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2013

Principal activities

The company acts as a holding company for the group

The principal activities of the group are sawmilling, motor dealers, repairers and vehicle hire

Business review

The results for the year are shown in the consolidated profit and loss account on page 8 and show a profit before tax for the financial year of £743,416 *(2012 £685,001)*

Sawmill

The results for the year show a profit for the financial year before tax of £ 1,037,022 *(2012 £1,269,933)*

The performance of the business was affected by the unusual weather conditions which occurred in the later months of the financial year after a very promising start This resulted in problems in obtaining raw material and operating the mills Deliveries were therefore affected as customers also had the same logistical problems The net impact of these factors was a slight increase in turnover for the year

Raw material supply and price continues to cause concerns as demands for the material is still pressurised by the power stations However through active purchasing, the company has managed to secure ongoing supplies albeit with higher pressure on prices

The investments made in the machine shop are showing good returns with increased efficiencies on our higher priced products

The industrial estate at Gledrid has produced an income of £56,549 in the financial year *(2012 £64,544)*, and the two new units are likely to be available sometime in July 2013 with good interest being shown

The directors would like to thank all staff who contributed to the continued success of the business during the year

Directors' report *(continued)*

Dealership

The results for the year show a loss before tax for the financial year of £7,221 *(2012 loss £301,009)*

The dealership has made significant progress in the year in reducing its cost base and is now well placed to take advantage of the upturn currently seen in the new car market Against a background of an improving economic climate, revenues from all areas of the dealership's activities have improved During the year Ford have introduced a number of new products with further product launches planned for 2013 Their continued investment in new products is encouraging for the future Significant emphasis continues to be placed on fuel efficient, low CO2 vehicles The new products launched in the last year have been well received by customers, who continue to seek innovative products with good fuel economy and reduced costs of motoring

The Volvo car franchise traded in line with expectations although used vehicle sales continues to require improvement The aftermarket has performed better than expected and further increases in volumes are anticipated in the coming year In 2012 Volvo UK launched its first hatchback model, the V40 The motoring press reaction to the vehicle has been very positive and greater public awareness is being sought both by the dealership and the manufacturer to enable this excellent car to reach its full potential Brand awareness for Volvo in the dealership's area will be further enhanced with Cardiff recently being announced as one of the visited ports in the prestigious round the world Volvo Ocean Race in 2017 In 2013 Volvo will launch a limited number of V60 hybrid vehicles and initial motoring press reaction to the vehicle has been extremely positive

The MG franchise continued during the year, although volumes remain very small The brand continued into 2013 with the MG6 saloon car which is now available with both petrol and diesel engines Volumes remain small by comparison with the dealership's overall sales The smaller MG3 hatchback will now be launched towards the end of 2013 almost 12 months later than was anticipated last year This vehicle is needed urgently to give a market presence to the MG brand The dealership always considered the re-establishment of MG in the UK to be a slow burn and the delayed launch of the MG3 has had a detrimental effect on sales volumes MG have continued their involvement in saloon car racing and the results have been very good This now needs to be translated into greater brand awareness at a national level

Economic conditions for 2013/14 are likely to remain difficult however there is strong evidence that the new car market is growing and for 2013 it is likely to exceed 2 1 million -a considerable uplift from the lowest point in recent years when it dropped to 1 8 million The dealership is well placed to expand its activities to meet this upturn in the market but is mindful not to increase its cost base above that which is required to achieve the increased volumes of business

In 2012 the dealership again won the Ford of Europe Chairman's Award for customer satisfaction, it is a tribute to the efforts and success of all of the staff involved in helping to achieve this prestigious award for the ninth time and the Directors wish to extend their thanks to all members of staff for the quality of their customer service and outstanding efforts during the year

Directors' report *(continued)*

Rental Business

The results for the year show a loss before tax for the financial year of £55,865 *(2012 £40,691)*

The results for the year are disappointing, but not unexpected

The major reason for the increased loss was the reduction in turnover During the period under review the turnover was affected by a number of factors, the most significant of which was a major customer purchasing their own vehicles to use as pool cars, thereby reducing the number of vehicles rented from the business

The business also lost a major customer as a result of a national tender being awarded to a competitor The effect of the reduction in turnover was partially offset by reductions in insurance premiums payable and also reductions in royalties and commission payments due to the franchisor

Whilst the reported figures are unsatisfactory, the Directors recognise that the bulk of the profits arise on disposal of the vehicles and there is a reasonable profit currently held in the stock of vehicles which will be realised in subsequent accounting periods

Dividends

Dividends paid during the year were £Nil *(2012 £60,000)* The Directors approved a final dividend of £120,000 *(2012 £60,000)*

Political and charitable donations

Neither the company nor the group made any political contributions during the year *(2012 £nil)* Group donations to local charities amounted to £1,843 *(2012 £2,113)*

Directors

The directors who held office during the year were as follows

R C Pugsley
W M Barritt

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Employees

The group gives full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities Furthermore, should existing employees become disabled, every effort would be made to find them appropriate work and to provide training where necessary

The directors recognise the importance of good relations with employees As the group is managed on a de-centralised basis, the management of each subsidiary is responsible for the participation practices appropriate to its own particular needs and background

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

RJ Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

17th July 2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of Penarth Commercial Properties (Holdings) Limited

We have audited the financial statements of Penarth Commercial Properties (Holdings) Limited for the year ended 28 February 2013 set out on pages 8 to 25 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

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 28 February 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Penarth Commercial Properties (Holdings) Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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

Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

5th August 2013

Consolidated profit and loss account

for the year ended 28 February 2013

	Note	2013 £	2012 £
Turnover	*2*	**47,214,340**	45,987,519
Cost of sales		**(40,676,254)**	(39,161,381)
Gross profit		**6,538,086**	6,826,138
Distribution costs		**(2,441,638)**	(2,516,072)
Administrative expenses		**(3,428,826)**	(3,686,152)
Other operating income		**210,543**	248,801
Operating profit		**878,165**	872,715
Profit on disposal of fixed assets		**30,624**	4,146
Interest receivable and similar income	*6*	**4,213**	37,441
Interest payable and similar charges	*6*	**(169,586)**	(229,301)
Profit on ordinary activities before taxation	*2-6*	**743,416**	685,001
Tax on profit on ordinary activities	*7*	**(258,212)**	(257,990)
Profit on ordinary activities after taxation being profit for the financial year	*18*	**485,204**	427,011

The above results represent the total recognised gains and losses of the group in both financial years and relate entirely to continuing operations

There is no material difference between the result as disclosed in the profit and loss account and the result as given on an unmodified historical cost basis

Consolidated balance sheet
at 28 February 2013

	Note	2013	2013	2012	2012
		£	£	£	£
Fixed assets					
Tangible assets	*10*		6,181,668		6,402,333
Investments	*11*		11,273		11,273
			6,192,941		6,413,606
Current assets					
Stocks	*12*	11,126,020		10,229,812	
Debtors	*13*	3,554,582		3,509,259	
		14,680,602		13,739,071	
Creditors amounts falling due within one year	*14*	(13,006,261)		(12,671,599)	
Net current assets			1,674,341		1,067,472
Total assets less current liabilities			7,867,282		7,481,078
Creditors amounts falling due after more than one year	*15*		(700,000)		(700,000)
Provisions for liabilities and charges	*16*		(58,000)		(58,000)
Net assets			7,109,282		6,723,078
Capital and reserves					
Called up share capital	*17*		425,000		425,000
Share premium account	*18*		3,825,000		3,825,000
Profit and loss account	*18*		2,859,282		2,473,078
Shareholder's funds	*19*		7,109,282		6,723,078

These financial statements were approved by the board of directors on 17th July 2013 and were signed on its behalf by

R C Pugsley

R C Pugsley
Director

Company balance sheet
at 28 February 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Investments	*11*		8,655,750		8,634,750
Current assets					
Debtors	*13*	1,370,492		755,591	
Cash		93,302		211,367	
		1,463,794		966,958	
Creditors amounts falling due within one year	*14*	(431,661)		(389,157)	
Net current assets			1,032,133		577,801
Total assets less current liabilities			9,687,883		9,212,551
Creditors amounts falling due after more than one year	*15*		(700,000)		(700,000)
Net assets			8,987,883		8,512,551
Capital and reserves					
Called up share capital	*17*		425,000		425,000
Share premium account	*18*		3,825,000		3,825,000
Profit and loss account	*18*		4,737,883		4,262,551
Shareholder's funds	*19*		8,987,883		8,512,551

These financial statements were approved by the board of directors on 17th July 2013 and were signed on its behalf by

R C Pugsley

R C Pugsley
Director

Consolidated cash flow statement

for the year ended 28 February 2013

	Note	2013 £	2012 £
Cash inflow from operating activities	*24*	**2,045,143**	1,305,076
Returns on investments and servicing of finance	*25*	**(165,373)**	(191,860)
Taxation		**(339,974)**	(362,626)
Capital expenditure and financial investment	*25*	**(452,061)**	(313,618)
Equity dividends paid		**(60,000)**	(60,000)
Cash inflow before financing		**1,027,735**	376,972
Financing	*25*	**(264,754)**	148,577
Increase in cash in the financial year		**762,981**	525,549

Reconciliation of net cash flow to movement in net debt

	Note	2013 £	2012 £
Increase in cash in the financial year		**762,981**	525,549
Cash outflow/(inflow) from movement in obligations under hire purchase agreements		**264,754**	(148,577)
Loan notes repaid		-	-
Movement in net debt in the year		**1,027,735**	376,972
Net debt at the start of the year		**(2,056,634)**	(2,433,606)
Net debt at the end of the year	*26*	**(1,028,899)**	(2,056,634)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

Basis of preparation

The financial statements have been prepared in accordance with the historical cost accounting rules, modified to include the revaluation of certain land, buildings and investments and conform to applicable accounting standards

Going concern

The financial statements for the Group have been prepared on a going concern basis as the Group is profitable, cash-generative and has sufficient assets to settle its liabilities as they fall due

Bank facilities with HSBC are due for renewal in September 2013 Directors are not aware of anything to indicate that these facilities will not be renewed As at 28 February 2013 the maximum facility available to the Group of which Penarth Commercial Properties (Holdings) Limited is a member was £2,500,000, and the Group was within this limit As shown within note 20 the amount owed as at 28 February 2013 was £3,097

The financial statements for the Company have been prepared on a going concern basis as the Company is profitable and has sufficient assets to settle its liabilities as they fall due The company also has control over a dividend stream from its wholly owned subsidiary, Penarth Commercial Properties Limited At 28 February 2013, the financial statements of Penarth Commercial Properties Limited showed distributable reserves of £4,944,693

Basis of consolidation

The group financial statements consolidate the financial statements of Penarth Commercial Properties (Holdings) Limited and all its subsidiary undertakings

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the parent company and are made up to 28 February 2013

The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

In accordance with Section 408 (4) of the Companies Act 2006, Penarth Commercial Properties (Holdings) Limited is exempt from the requirement to present its own profit and loss account

Fixed assets and depreciation

Depreciation is provided to write off the cost (or valuation) less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	20 to 30 years
Plant, machinery and equipment	2 to 10 years
Motor vehicles	4 years

No depreciation is provided on freehold land Assets acquired for the trade are not depreciated until brought into use

Freehold land and buildings include the cost of planted timber owned by the group The cost and maintenance of trees planted on land owned by the group is added to the fixed asset cost as incurred When trees are harvested, the difference between the estimated value of timber brought into the mill and the fixed asset cost is treated as a profit on disposal

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease" The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life Where hire fleet vehicles are acquired under "finance lease" arrangements, they are generally held for less than a year, after which they are resold, and are consequently shown as stock within current assets Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account in the period in which they are incurred

Pensions

The group participates in a defined contribution pension scheme The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Death in service

The group administers a discretionary death in service self insurance scheme for dependent relatives of employees A provision, representing the directors' best estimate of the group's ongoing liability arising from this scheme, is included in the balance sheet

Share based payments

The company's Enterprise Management Incentives share option scheme allows employees to acquire shares of the company The fair value of options granted and not yet vested as at 28 February 2013 is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The estimate of the fair value of the option is measured based on the fair value of the equity instruments granted and is calculated on an option pricing model (with the contractual life of the option and expectations of early exercise built into the model)

Stocks

Stocks are stated at the lower of cost and net realisable value Stocks include vehicles in the hire fleet These vehicles are generally held for less than a year and are stated at the lower of cost and net realisable value For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers Income is recognised when all significant risks and rewards of ownership have been transferred to the customer, which is generally on despatch of goods from the company or on the provision of services by the company All turnover and profit on ordinary activities before taxation is derived from the UK and arises solely from the principal activities of the group

Notes *(continued)*

2 Turnover

	2013 £	2012 £
Motor dealers, repairers and vehicle hire	**36,685,616**	35,476,577
Sawmill	**10,528,724**	10,510,942
	47,214,340	45,987,519

3 Profit on ordinary activities before taxation

	2013 £	2012 £
Profit on ordinary activities before taxation is stated after charging		
Audit services		
Fees payable to the company auditor and associates for the audit of company and consolidated accounts	**750**	500
Fees payable to the company auditor and associates for other services		
- the audit of the company's subsidiaries pursuant to legislation	**27,500**	27,000
- tax services	**9,850**	9,650
- VAT services	**4,500**	5,500
Depreciation and other amounts written off tangible fixed assets	**703,350**	714,086
Hire of plant and machinery - rentals payable under operating leases	**74,376**	70,646

4 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	**98,729**	100,090
Company contributions to money purchase schemes	**2,088**	2,088
	100,817	102,178

Retirement benefits are accruing to the following number of directors under

	2013	2012
Money purchase schemes	**1**	1

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees 2013	2012
Management	**13**	13
Administration	**21**	27
Production, sales and other staff	**179**	189
	213	229

The aggregate payroll costs of these persons were as follows

	2013 £	2012 £
Wages and salaries	**4,269,375**	4,458,442
Social security costs	**430,784**	443,764
Other pension costs (see note 22)	**39,934**	43,536
	4,740,093	4,945,742

6 Interest payable and receivable

6a Interest receivable and similar income

	2013 £	2012 £
Group		
Other interest receivable	**4,213**	37,441

6b Interest payable and similar charges

Group	2013 £	2012 £
On bank loans and overdrafts	**25,110**	46,193
Vehicle stocking plans	**76,115**	111,831
Finance charges in respect of finance lease and hire purchase contracts	**8,361**	11,277
Interest payable on loan notes	**60,000**	60,000
	169,586	229,301

Notes *(continued)*

7 Taxation

Group	2013 £	2012 £
Current tax		
UK corporation tax on profits for the year	288,921	274,952
Adjustments in respect of prior years	(105)	380
Total current tax charge	288,816	275,332
Deferred tax		
Deferred tax credit for the year (note 16)	(30,604)	(17,358)
Adjustments in respect of prior years	-	16
Tax on profit on ordinary activities	258,212	257,990

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2012 higher)* than the blended rate of corporation tax in the UK of 24 2% *(2012 26 1%)* The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	743,416	685,001
Profit on ordinary activities before tax multiplied by blended rate of corporation tax in the UK of 24 2 % *(2012 26 1%)*	179,907	178,785
Effects of		
Expenses not deductible for tax purposes	11,373	5,106
Capital allowances less than depreciation	101,845	84,959
Other timing differences	(1,339)	5,372
Adjustments in respect of prior years	(105)	380
Tax rate differences	(2,865)	730
Total current tax charge (see above)	288,816	275,332

A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

8 Dividends

The aggregate amount of dividends comprises

	2013 £	2012 £
Dividends paid in respect of the current year	-	60,000
Dividends in respect of the year recognised as a liability at year end	120,000	60,000
	120,000	120,000

Notes *(continued)*

9 Profit and loss account

The profit on ordinary activities after taxation for the financial year dealt with in the financial statements of the company is £574,332 *(2012 £454,519)* The retained profit for the financial year after dividends is £454,332 *(2012 £334,519)*

10 Tangible fixed assets

Group	Freehold land & buildings £	Plant, machinery & equipment £	Motor vehicles £	Total £
Cost or valuation				
At beginning of year	6,749,090	7,527,249	573,720	14,850,059
Additions	381,598	60,487	91,121	533,206
Disposals	-	(65,197)	(234,880)	(300,077)
At end of year	**7,130,688**	**7,522,539**	**429,961**	**15,083,188**
Analysis				
Assets at cost	4,780,688	7,522,539	429,961	12,733,188
Assets at valuation - 1989	1,500,000	-	-	1,500,000
- 1990	850,000	-	-	850,000
	7,130,688	7,522,539	429,961	15,083,188
Depreciation				
At beginning of year	1,945,420	6,180,578	321,728	8,447,726
Charge for year	195,797	408,410	99,143	703,350
On disposals	-	(65,197)	(184,359)	(249,556)
At end of year	**2,141,217**	**6,523,791**	**236,512**	**8,901,520**
Net book value				
At 28 February 2013	**4,989,471**	**998,748**	**193,449**	**6,181,668**
At 29 February 2012	4,803,670	1,346,671	251,992	6,402,333

The freehold premises, included in the above at open market valuations, were professionally valued by Messrs Cooke & Arkwright on an existing use basis in reports dated 19 April 1989 and 28 March 1990 In accordance with the transitional provisions set out in FRS 15 *Tangible Fixed Assets*, these valuations have not been updated The directors are not aware of any material change in value Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost

The value of freehold land and buildings (included in the above at a valuation) determined according to the historical cost convention is as follows

	Group 2013 £	Group 2012 £
Cost	**715,148**	715,148
Depreciation	**(359,299)**	(349,053)
	355,849	366,095

The amount of non-depreciable assets within freehold land and buildings is £1,324,843 *(2012 £1,324,843)*

Notes *(continued)*

11 Investments

Details of the group's and company's investments are shown below

At 28 February 2013, the company had the following trading subsidiaries all of which are registered in England and Wales

Name		Activity	Proportion of nominal value of issued share capital held by group	Proportion of nominal value of issued share capital held by company
Penarth Commercial Properties Limited	-	Intermediary holding company	100%	100%
Abbey Garages (Cardiff) Limited	-	Motor dealers and repairers	100%	-
ETC Sawmills Limited	-	Sawmillers	100%	-
Fordthorne Limited	-	Motor vehicle rental	100%	-

Investments in subsidiary undertakings are stated at cost

	Group 2013	Company 2013
Shares in group undertakings		
At beginning of year	-	8,634,750
Additions in year	-	21,000
At end of year	-	8,655,750
Other investments at cost		
At beginning of year	11,273	-
Additions	-	-
At end of year	11,273	-
Total investments at end of year	**11,273**	**8,655,750**
Total investments at beginning of year	11,273	8,634,750

Included in other investments are quoted investments amounting to £1,273 *(2012 £1,273)* The market value of quoted investments at 28 February 2013 amounted to £2,032 *(2012 £1,251)*

The additions in the year relating to shares in group undertakings represent the fair value of share options granted by the company during the year

Notes *(continued)*

12 Stocks

	Group 2013 £	Group 2012 £
Raw materials and consumables	**553,088**	701,859
Work in progress	**331,033**	509,940
Finished goods	**447,515**	448,613
Motor vehicles	**9,794,384**	8,569,400
	11,126,020	10,229,812

Vehicle stocks with a value of £18,564 (*2012 £227,467)* which are the property of the group are subject to separate finance arrangements

13 Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts falling due within one year				
Trade debtors	**2,335,719**	2,631,573	**-**	-
Amounts owed by group undertakings	**-**	-	**1,100,000**	500,000
Amounts owed by group undertakings in respect of group relief	**-**	-	**270,492**	255,591
Other debtors	**901,542**	599,556	**-**	-
Prepayments and accrued income	**121,545**	98,901	**-**	-
	3,358,806	3,330,030	**1,370,492**	755,591
Amounts falling due after more than one year				
Secured loan	**155,837**	169,894	**-**	-
Deferred tax asset (note 16)	**39,939**	9,335	**-**	-
	3,554,582	3,509,259	**1,370,492**	755,591

14 Creditors: amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Loan notes	**300,000**	300,000	**300,000**	300,000
Bank overdrafts	**3,097**	766,078	**-**	-
Obligations under hire purchase contracts	**25,802**	290,556	**-**	-
Trade creditors	**10,926,095**	9,572,617	**-**	-
Other creditors	**92,419**	102,071	**7,652**	6,152
Proposed dividends	**120,000**	60,000	**120,000**	60,000
Taxation and social security				
Corporation tax	**66,872**	118,030	**-**	-
Other taxes and social security	**328,137**	344,865	**2,000**	2,000
Accruals and deferred income	**1,143,839**	1,117,382	**2,009**	21,005
	13,006,261	12,671,599	**431,661**	389,157

Notes *(continued)*

14 Creditors. amounts falling due within one year *(continued)*

The bank overdraft is secured on certain group properties

Within a period of 10 years, the loan notes are redeemable at the option of the noteholder up to a maximum of £300,000 per year, or a higher amount at the option of the company

15 Creditors. amounts falling due after more than one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Loan notes	**700,000**	700,000	**700,000**	700,000

16 Provisions for liabilities and charges

The provisions for liabilities and charges comprise

Group	**Deferred taxation (see note 13) £**	**Death in service £**
At beginning of year	(9,335)	58,000
Charged during the year	(30,604)	-
At end of year	**(39,939)**	**58,000**

As shown in note 1 the death in service provision is in respect of a discretionary self insurance scheme for dependent relatives of employees who die whilst employed by the group The group's policy is to award a discretionary amount assessed by the directors to the dependent relatives and the timing of payment is by its nature not predictable

The amounts provided for deferred taxation and the full potential liability/(asset) are set out below

Group	**2013 £**	2012 £
Difference between accumulated depreciation and amortisation and capital allowances	**46,887**	86,802
Other timing differences	**(86,826)**	(96,137)
	(39,939)	(9,335)

A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly The deferred tax asset at 28 February 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

The 2012 Autumn statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014 It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

Notes *(continued)*

17 Called up share capital

	Group and Company	
	2013	2012
	£	£
Allotted, called up and fully paid		
4,250,000 Ordinary shares of 10p each	**425,000**	425,000

18 Movements on reserves

Group	**Share premium**	**Profit and loss account**
	£	**£**
At beginning of year	3,825,000	2,473,078
Profit for the year	-	485,204
Fair value of share options granted	-	21,000
Dividends	-	(120,000)
At end of year	**3,825,000**	**2,859,282**

Company	**Share premium**	**Profit and loss account**
	£	**£**
At beginning of year	3,825,000	4,262,551
Profit for the year	-	574,332
Fair value of share options granted	-	21,000
Dividends	-	(120,000)
At end of year	**3,825,000**	**4,737,883**

Notes *(continued)*

19 Reconciliation of movements in shareholder's funds

Group	2013 £	2012 £
At beginning of the year	6,723,078	6,395,067
Profit for the year	485,204	427,011
Fair value of share options granted	21,000	21,000
Dividends	(120,000)	(120,000)
Closing shareholder's funds	7,109,282	6,723,078

Company	2013 £	2012 £
At beginning of the year	8,512,551	8,157,032
Profit for the year	574,332	454,519
Fair value of share options granted	21,000	21,000
Dividends	(120,000)	(120,000)
Closing shareholder's funds	8,987,883	8,512,551

20 Contingent liabilities

Penarth Commercial Properties Ltd, a wholly owned subsidiary of the company, has given an unlimited multilateral guarantee dated 8 December 2004 in respect of the net position of its bank overdraft and the bank overdrafts and cash balances of certain subsidiaries and this company At 28 February 2013, the net liability of the group amounted to £3,097 *(2012 £766,078)*

21 Commitments

At the year end the group had capital commitments of £15,000 *(2012 £152,709)*

Annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows

	Group	
	2013 £	2012 £
Operating leases which expire		
Within one year	23,400	27,300
In the second to fifth years inclusive	22,596	22,596

Notes *(continued)*

22 Pension scheme

The Group participates in a defined contribution pension scheme The assets of the scheme are held separately from those of the group in independently administered funds The pension charge represents the following contributions payable by the group during the year

	2013 £	2012 £
Contributions payable into group fund	**35,424**	37,789
Contributions payable into other personal pension plans	**4,510**	5,747
	39,934	43,536

23 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with other 100% owned entities which form part of the group

24 Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Group operating profit	**878,165**	872,715
Fair value of share options granted	**21,000**	21,000
Depreciation charge	**703,350**	714,086
(Increase)/decrease in stocks	**(896,208)**	1,408,415
(Increase)/decrease in debtors	**(14,719)**	228,730
Increase/(decrease) in creditors	**1,353,555**	(1,939,870)
Net cash inflow from operating activities	**2,045,143**	1,305,076

Notes *(continued)*

25 Analysis of cash flows for headings netted in the cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	(161,225)	(218,024)
Interest element of hire purchase rental payments	(8,361)	(11,277)
Interest received	4,213	37,441
Net cash outflow from returns on investments and servicing of finance	(165,373)	(191,860)
Capital expenditure and financial investment		
Purchase of fixed assets	(533,206)	(348,975)
Net proceeds from sale of fixed assets	81,145	45,357
Purchase of other investments	-	(10,000)
Net cash outflow from capital expenditure and financial investment	(452,061)	(313,618)
Financing		
Proceeds from finance company regarding hire purchase agreements	381,218	560,444
Repayments to finance company regarding hire purchase agreements	(645,972)	(411,867)
Repayment of loan notes	-	-
Net cash (outflow)/inflow from financing	(264,754)	148,577

26 Analysis of net debt

	At 1 March 2012 £	Cash flow £	At 28 February 2013 £
Bank overdraft	(766,078)	762,981	(3,097)
	(766,078)	762,981	(3,097)
Loan notes	(1,000,000)	-	(1,000,000)
Obligations under hire purchase agreements	(290,556)	264,754	(25,802)
Total net debt	(2,056,634)	1,027,735	(1,028,899)

Notes *(continued)*

27 Share based payments

Company

Two subsidiaries of the group participate in a single Enterprise Management Incentives share option scheme under which a maximum of 300,000 shares of the ultimate parent company may be placed under option for employees The scheme is operated by Penarth Commercial Properties (Holdings) Limited The options are exercisable 10 years from date of grant, or earlier only in certain specified circumstances such as the takeover or flotation of the group Options exercised are to be settled by the physical delivery of shares in the ultimate parent company

The grant date, exercise price per share and number of shares are as follows

Grant date	Exercise price £	Number of shares	Expiry date of options
30 Sept 2005	0 30	300,000	30 Sept 2015

The number and weighted average exercise prices of share options in the company are as follows

	2013 Weighted average exercise price	2013 Number of options	2012 Weighted average exercise price	2012 Number of options
Outstanding at the beginning and end of the year	0 30	300,000	0 30	300,000
Exercisable at the end of the year		-		-

The options outstanding at the year end have a maximum exercise price of £0 30 and a weighted average remaining contractual life of 3 years

The total expense recognised for each year arising from share based payments is as follows

	2013 £	2012 £
Equity settled share based payment	21,000	21,000

Company profit and loss account
for the year ended 28 February 2013

The following does not form part of the financial statements

	2013	2012
	£	£
Administrative expenses	**19,431**	(1,544)
Operating loss	**19,431**	(1,544)
Interest payable	**(60,000)**	(60,000)
Dividends receivable	**600,000**	500,000
Profit on ordinary activities before taxation	**559,431**	438,456
Tax on profit on ordinary activities	**14,901**	16,063
Profit on ordinary activities after taxation being profit for the financial year	**574,332**	454,519