

Penarth Commercial Properties (Holdings) Limited

**Directors' report and consolidated
financial statements**

Registered number 5159037

28 February 2014

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Strategic Report

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 £286,950 (2013: £743,416).

Business review

Sawmill

The results show a profit before tax for the financial year of £917,022 (2013: 1,037,022).

During the year under review, turnover has increased by 3.4%; however, with margins under some pressure, gross profit was slightly lower in the period. Combined with increases in both operating expenses and distribution costs, the business' profitability has been reduced. Actions have already been taken to reduce the business' cost base and it is anticipated that a return to expected levels of profitability will be achieved in the current financial year.

Since the year end the Managing Director has left ETC Sawmills Limited's employ. Day to day control of the business has been taken over by another member of the Board and the directors are satisfied that this has had no adverse effect on the operation of the business.

The industrial estate at Gledrid has produced an income of £59,265 in the financial year (2013: £56,549).

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

Dealership

The results and show a loss before tax for the financial year of £56,531 (2013: £7,221).

The dealership continues to make progress in increasing its sales volumes although margins continue to be under pressure. Significant emphasis continues to be placed on fuel efficient, low CO2 vehicles. New products continue to be launched that reflect customers movement towards innovative products with good fuel economy and reduced costs of motoring.

Volumes in the Volvo car franchise have improved and further improvements in volumes are being sought. The aftermarket has performed in line with expectations and again further increases in volumes are being sought. The V40 hatchback model launched in 2012 is proving popular with customers and is providing increased volume for the franchise. Brand awareness for Volvo in the dealership's area continues to grow and will be further enhanced with Cardiff being one of the visited ports in the prestigious round the world Volvo Ocean Race in 2017. In 2014 Volvo launched the all new XC90 SUV, although deliveries of this model will not take place until the first quarter of 2015. The initial reaction of the Motoring Press to the vehicle has been very positive.

The MG franchise continued during the year, although volumes remain very small. The brand continued into 2014 with the MG6 saloon car with both petrol and diesel engines, together with the long awaited smaller MG3 hatchback which was launched towards the end of 2013. This vehicle is well positioned in the market place and has proved popular with price conscious customers. This new vehicle has provided greater brand awareness at a national level although volumes remain small in relation to the dealership's overall sales volumes.

New car industry sales volumes have continued to climb year on year and are likely to result in an all makes market in the order of 2.4M new vehicles being registered in the UK in 2014. Whilst this is a positive step in terms of the new car market in the UK, there is considerable pressure from all manufacturers to take up the slack created by the poor performance of the remaining European car markets. This inevitably puts new car margins under pressure.

Strategic Report *(continued)*

Dealership *(continued)*

In 2013 the dealership once 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 an incredible tenth 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.

The Company gives consideration to its short, medium and long term strategies. The Company has operated as a Franchised Motor Dealership for in excess of 35 years. During this time it has expanded the number of franchises that it holds to include Ford, Volvo and MG.

The Company's short to medium term strategy is to develop these franchises to maximise its return from the existing operation and to seek further opportunities to add additional franchises or outlets where the Company considers such additions will enhance its returns. To this end, the Company has recently been offered and has taken up the Ford Transit Franchise for the Cardiff area.

The longer term strategy is for the Company to become the dominant force in the areas in which it operates for the franchises that it holds. To that end, it will seek to strengthen its market representation within its area of operation should such opportunities arise.

Rental business

The results for the 8 months to 31 October show a loss before tax of £50,103 (2013: £55,865).

The business had suffered continued losses from 2004, with the exception of a small profit in 2010. These losses had increased considerably in recent years due mainly to a reduction in turnover and the rising cost of insurance premiums.

As a result of the increasing losses the Directors concluded that there was no realistic prospect of the business being able to trade profitably in the future and reluctantly took the decision to cease trading.

Strategic Report *(continued)*

Risks to the group

As with any business there are potential risks to its operations. The Group gives due consideration to what these may be and also the potential impact on its businesses.

The directors consider the main risk to the Group to be a rise in interest rates. The current guidance from the Governor of the Bank of England would suggest that rises in interest rates could occur in 2015. The Governor has indicated that these are likely to be small and the timing and amounts of any increase will be such that they will be used only to prevent the economy from overheating. The risk to the Group's operation is therefore small with regards not only to the increase in the amount of interest that it pays but also to the impact on the purchase decisions of its future customers.

As with any business the potential for economic downturn presents uncertainty. The Group recognises the cyclical nature of the economy and makes investment decisions based on its assessment of the prospects for economic growth and the future demand for its products and services.

The directors consider other risks facing the Group to be maintaining and expanding its customer base, and maintaining operational efficiency and ensuring timely and appropriate levels of capital expenditure consistent with changes in the market and legislative requirements.

The sawmill sources its main raw material products from the forests that are relatively close to its main operating base. Currently and for the foreseeable future there is an adequate supply of raw material available to it. Should demand for raw materials increase beyond the capacity for the forests to supply then upward pressure on raw material prices would be a likely result. Whilst this would affect all of the business' competitors in a similar manner, their ability to pass on such increases to customers may be uncertain.

The dealership sources its main products, ie. motor vehicles and motor vehicle parts, primarily from the manufacturers of these products. As part of its ongoing reviews, the dealership maintains a watch on the financial performance, viability and future prospects of its vehicle and parts suppliers. The dealership is satisfied that its suppliers continue to invest in new products that enable the dealership to achieve a satisfactory return on its investments in the brands that it represents.

By order of the board



R J Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

12th November 2014

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2014.

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. The vehicle hire business ceased during the year.

Dividends

Dividends paid during the year were £120,000 in respect of the 2012/13 financial year (*2013: £60,000 in respect of the 2011/12 financial year*). The Directors propose a final dividend of £120,000 in respect of the 2013/14 financial year (*2013: £120,000*).

Directors

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

R C Pugsley
W M Barritt

Disclosure of information to auditor

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 auditor is 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 auditor is 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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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

12th November 2014

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

The directors are responsible for preparing the Strategic Report, 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 2014 set out on pages 8 to 26. 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 of the parent company's affairs as at 28 February 2014 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 Strategic Report and 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

28 November 2014

Consolidated profit and loss account
for the year ended 28 February 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	54,740,954	47,214,340
Cost of sales		(47,386,229)	(40,676,254)
Gross profit		7,354,725	6,538,086
Distribution costs		(2,793,083)	(2,441,638)
Administrative expenses		(4,387,512)	(3,428,826)
Other operating income		218,966	210,543
Operating profit		393,096	878,165
Profit on disposal of fixed assets		32,115	30,624
Interest receivable and similar income	6	4,101	4,213
Interest payable and similar charges	6	(142,362)	(169,586)
Profit on ordinary activities before taxation	2-6	286,950	743,416
Tax on profit on ordinary activities	7	(181,036)	(258,212)
Profit on ordinary activities after taxation being profit for the financial year	18	105,914	485,204

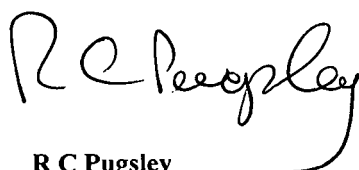
The above results represent the total recognised gains and losses of the group in both financial years and relate entirely to continuing operations.

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 2014

	Note	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	10	5,746,632		6,181,668	
Investments	11	11,273		11,273	
		<u>5,757,905</u>		<u>6,192,941</u>	
Current assets					
Stocks	12	13,258,618		11,126,020	
Debtors	13	3,961,738		3,554,582	
Cash		1,218,501		-	
		<u>18,438,857</u>		<u>14,680,602</u>	
Creditors: amounts falling due within one year	14	<u>(16,322,566)</u>		<u>(13,006,261)</u>	
Net current assets		<u>2,116,291</u>		<u>1,674,341</u>	
Total assets less current liabilities		<u>7,874,196</u>		<u>7,867,282</u>	
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		<u>7,116,196</u>		<u>7,109,282</u>	
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	2,866,196		2,859,282	
Shareholder's funds	19	<u>7,116,196</u>		<u>7,109,282</u>	

These financial statements were approved by the board of directors on 12 November 2014 and were signed on its behalf by:



R C Pugsley
Director

Company balance sheet
at 28 February 2014

	Note	2014 £	£	2013 £
Fixed assets				
Investments	11	8,676,750		8,655,750
Current assets				
Debtors	13	729,836	1,370,492	
Cash		819,230	93,302	
		<u>1,549,066</u>	<u>1,463,794</u>	
Creditors: amounts falling due within one year	14	<u>(431,161)</u>	<u>(431,661)</u>	
Net current assets		<u>1,117,905</u>		<u>1,032,133</u>
Total assets less current liabilities		<u>9,794,655</u>		<u>9,687,883</u>
Creditors: amounts falling due after more than one year	15	<u>(700,000)</u>		<u>(700,000)</u>
Net assets		<u>9,094,655</u>		<u>8,987,883</u>
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	4,844,655		4,737,883
Shareholder's funds	19	<u>9,094,655</u>		<u>8,987,883</u>

These financial statements were approved by the board of directors on 12 November 2014 and were signed on its behalf by:



R C Pugsley
Director

Consolidated cash flow statement
for the year ended 28 February 2014

	<i>Note</i>	2014 £	2013 £
Cash inflow from operating activities	24	1,865,139	2,045,143
Returns on investments and servicing of finance	25	(138,261)	(165,373)
Taxation		(134,000)	(339,974)
Capital expenditure and financial investment	25	(225,478)	(452,061)
Equity dividends paid		(120,000)	(60,000)
Cash inflow before financing		1,247,400	1,027,735
Financing	25	(25,802)	(264,754)
Increase in cash in the financial year		1,221,598	762,981

Reconciliation of net cash flow to movement in net funds

	<i>Note</i>	2014 £	2013 £
Increase in cash in the financial year		1,221,598	762,981
Cash outflow from movement in obligations under hire purchase agreements		25,802	264,754
Movement in net debt in the year		1,247,400	1,027,735
Net debt at the start of the year		(1,028,899)	(2,056,634)
Net funds/(debt) at the end of the year	26	218,501	(1,028,899)

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 2015. The Directors are not aware of anything to indicate that these facilities will not be renewed. As at 28 February 2014 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.

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 2014, the consolidated financial statements of Penarth Commercial Properties Limited showed distributable reserves of £4,875,255.

Basis of consolidation

The group financial statements consolidate the financial statements of Penarth Commercial Properties (Holdings) Limited and 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 2014.

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 2014 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

	2014 £	2013 £
Motor dealers, repairers and vehicle hire	43,854,417	36,685,616
Sawmill	10,886,537	10,528,724
	<u>54,740,954</u>	<u>47,214,340</u>

3 Profit on ordinary activities before taxation

	2014 £	2013 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Audit services		
Fees payable to the company auditor and associates for the audit of company and consolidated accounts	865	750
Fees payable to the company auditor and associates for other services:		
- the audit of the company's subsidiaries pursuant to legislation	27,950	27,500
- tax services	9,850	9,850
- VAT services	-	4,500
Depreciation and other amounts written off tangible fixed assets	692,629	703,350
Hire of plant and machinery - rentals payable under operating leases	69,658	74,376
	<u></u>	<u></u>

4 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	95,450	98,729
Company contributions to money purchase schemes	2,088	2,088
	<u>97,538</u>	<u>100,817</u>

Retirement benefits are accruing to the following number of directors under:

	2014	2013
Money purchase schemes	1	1
	<u></u>	<u></u>

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	
	2014	2013
Management	12	13
Administration	23	21
Production, sales and other staff	182	179
	<u>217</u>	<u>213</u>

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	4,495,066	4,269,375
Social security costs	455,928	430,784
Other pension costs (see note 22)	38,034	39,934
	<u>4,989,028</u>	<u>4,740,093</u>

6 Interest payable and receivable

6a Interest receivable and similar income

	2014 £	2013 £
Group		
Other interest receivable	4,101	4,213

6b Interest payable and similar charges

	2014 £	2013 £
Group		
On bank loans and overdrafts	9,977	25,110
Vehicle stocking plans	65,504	76,115
Finance charges in respect of finance lease and hire purchase contracts	6,881	8,361
Interest payable on loan notes	60,000	60,000
	<u>142,362</u>	<u>169,586</u>

Notes (continued)

7 Taxation

	2014 £	2013 £
Group		
Current tax		
UK corporation tax on profits for the year	172,170	288,921
Adjustments in respect of prior years	29,478	(105)
	<hr/>	<hr/>
Total current tax charge	201,648	288,816
Deferred tax		
Deferred tax credit for the year (note 13)	(21,107)	(30,604)
Adjustments in respect of prior years	495	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	181,036	258,212
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23.1% (2013: 24.2%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	286,950	743,416
	<hr/>	<hr/>
Profit on ordinary activities before tax multiplied by blended rate of corporation tax in the UK of 23.1 % (2013: 24.2%)	66,285	179,907
Effects of:		
Expenses not deductible for tax purposes	22,199	11,373
Capital allowances less than depreciation	84,082	101,845
Other timing differences	(1,496)	(1,339)
Adjustments in respect of prior years	29,478	(105)
Chargeable gain	2,467	-
Tax rate differences	(1,367)	(2,865)
	<hr/>	<hr/>
Total current tax charge (see above)	201,648	288,816
	<hr/>	<hr/>

A reduction in the rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax at 28 February 2014 has been calculated based on the rate of 20% which was substantively enacted at the balance sheet date.

8 Dividends

The aggregate amount of dividends comprises:

	2014 £	2013 £
Dividends paid in respect of the current year	-	-
Dividends in respect of the year approved and recognised as a liability at year end	120,000	120,000
	<hr/>	<hr/>
	120,000	120,000
	<hr/>	<hr/>

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 £205,772 (2013: £574,332). The retained profit for the financial year after dividends is £ 85,772 (2013: £454,332).

10 Tangible fixed assets

Group	Freehold land & buildings £	Plant, machinery & equipment £	Motor vehicles £	Total £
Cost or valuation				
At beginning of year	7,130,688	7,522,539	429,961	15,083,188
Additions	98,162	83,077	158,240	339,479
Disposals	(26,663)	(15,828)	(116,159)	(158,650)
At end of year	7,202,187	7,589,788	472,042	15,264,017
Analysis				
Assets at cost	4,852,187	7,589,788	472,042	12,914,017
Assets at valuation - 1989	1,500,000	-	-	1,500,000
- 1990	850,000	-	-	850,000
	7,202,187	7,589,788	472,042	15,264,017
Depreciation				
At beginning of year	2,141,217	6,523,791	236,512	8,901,520
Charge for year	198,521	389,104	105,004	692,629
On disposals	-	(15,828)	(60,936)	(76,764)
At end of year	2,339,738	6,897,067	280,580	9,517,385
Net book value				
At 28 February 2014	4,862,449	692,721	191,462	5,746,632
At 28 February 2013	4,989,471	998,748	193,449	6,181,668

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. 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:

	2014 £	Group 2013 £
Cost	715,148	715,148
Depreciation	(369,547)	(359,299)
	345,601	355,849

The amount of non-depreciable assets within freehold land and buildings is £1,324,843 (2013: £1,324,843).

Notes (continued)

11 Investments

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

At 28 February 2014, the company had the following 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	- Vehicle rental (now dormant)	100%	-

	Group 2014	Company 2014
Shares in group undertakings:		
At beginning of year	-	8,655,750
Additions in year	-	21,000
	<hr/>	<hr/>
At end of year	-	8,676,750
	<hr/>	<hr/>
Other investments at cost:		
At beginning of year	11,273	-
Additions	-	-
	<hr/>	<hr/>
At end of year	11,273	-
	<hr/>	<hr/>
Total investments at end of year	11,273	8,676,750
	<hr/>	<hr/>
Total investments at beginning of year	11,273	8,655,750
	<hr/>	<hr/>

Included in other investments are quoted investments amounting to £1,273 (2013: £1,273). The market value of quoted investments at 28 February 2014 amounted to £2,993 (2013: £2,032).

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 2014 £	Group 2013 £
Raw materials and consumables	477,581	553,088
Work in progress	260,156	331,033
Finished goods	379,355	447,515
Motor vehicles	12,141,526	9,794,384
	<u>13,258,618</u>	<u>11,126,020</u>

Vehicle stocks with a value of £ Nil (2013: £18,564) which are the property of the group are subject to separate finance arrangements.

13 Debtors

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
<i>Amounts falling due within one year</i>				
Trade debtors	2,592,172	2,335,719	-	-
Amounts owed by group undertakings	-	-	400,000	1,100,000
Amounts owed by group undertakings in respect of group relief	-	-	328,836	270,492
Other debtors	1,226,558	901,542	-	-
Prepayments and accrued income	82,458	121,545	1,000	-
	<u>3,901,188</u>	<u>3,358,806</u>	<u>729,836</u>	<u>1,370,492</u>
<i>Amounts falling due after more than one year</i>				
Unsecured loan	-	155,837	-	-
Deferred tax asset	60,550	39,939	-	-
	<u>3,961,738</u>	<u>3,554,582</u>	<u>729,836</u>	<u>1,370,492</u>

Group	Deferred taxation £
At beginning of year	(39,939)
Credited to the profit & loss account	(20,611)
At end of year	<u>(60,550)</u>

Notes (continued)

13 Debtors (continued)

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

Group	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	18,238	46,887
Other timing differences	(78,788)	(86,826)
	<u>(60,550)</u>	<u>(39,939)</u>

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 28 February 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

14 Creditors: amounts falling due within one year

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Loan notes	300,000	300,000	300,000	300,000
Bank overdrafts	-	3,097	-	-
Obligations under hire purchase contracts	-	25,802	-	-
Trade creditors	13,739,959	10,926,095	-	-
Other creditors	79,663	92,419	9,152	7,652
Proposed dividends	120,000	120,000	120,000	120,000
Taxation and social security:				
Corporation tax	134,520	66,872	-	-
Other taxes and social security	441,170	328,137	-	2,000
Accruals and deferred income	1,507,254	1,143,839	2,009	2,009
	<u>16,322,566</u>	<u>13,006,261</u>	<u>431,161</u>	<u>431,661</u>

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.

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Loan notes	700,000	700,000	700,000	700,000

16 Provisions for liabilities and charges

The provisions for liabilities and charges comprise:

Group	Death in service £
At beginning of year	58,000
Charged during the year	-
At end of year	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.

Notes (continued)

17 Called up share capital

	Group and Company	
	2014	2013
	£	£
<i>Allotted, called up and fully paid</i>		
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	2,859,282
Profit for the year	-	105,914
Fair value of share options granted	-	21,000
Dividends	-	(120,000)
At end of year	3,825,000	2,866,196

Company	Share premium £	Profit and loss account £
At beginning of year	3,825,000	4,737,883
Profit for the year	-	205,772
Fair value of share options granted	-	21,000
Dividends	-	(120,000)
At end of year	3,825,000	4,844,655

Notes (continued)

19 Reconciliation of movements in shareholder's funds

Group	2014 £	2013 £
At beginning of the year	7,109,282	6,723,078
Profit for the year	105,914	485,204
Fair value of share options granted	21,000	21,000
Dividends	(120,000)	(120,000)
Closing shareholder's funds	7,116,196	7,109,282
Company	2014 £	2013 £
At beginning of the year	8,987,883	8,512,551
Profit for the year	205,772	574,332
Fair value of share options granted	21,000	21,000
Dividends	(120,000)	(120,000)
Closing shareholder's funds	9,094,655	8,987,883

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. The net liability at 28 February 2014 was £nil (2013:£3,097), none of which has been provided for in these financial statements.

21 Commitments

At the year end the group had capital commitments of £ Nil (2013: £15,000).

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

	Group 2014 £	2013 £
Operating leases which expire:		
Within one year	-	23,400
In the second to fifth years inclusive	33,670	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:

	2014 £	2013 £
Contributions payable into group fund	35,946	35,424
Contributions payable into other personal pension plans	2,088	4,510
	<u>38,034</u>	<u>39,934</u>

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

	2014 £	2013 £
Group operating profit	393,096	878,165
Fair value of share options granted	21,000	21,000
Depreciation charge	692,629	703,350
(Increase)in stocks	(2,132,598)	(896,208)
(Increase)in debtors	(386,545)	(14,719)
Increase in creditors	3,277,557	1,353,555
	<u>1,865,139</u>	<u>2,045,143</u>
Net cash inflow from operating activities		

Notes (continued)

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest paid	(135,481)	(161,225)
Interest element of hire purchase rental payments	(6,881)	(8,361)
Interest received	4,101	4,213
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(138,261)	(165,373)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of fixed assets	(339,479)	(533,206)
Net proceeds from sale of fixed assets	114,001	81,145
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(225,478)	(452,061)
	<hr/>	<hr/>
Financing		
Proceeds from finance company regarding hire purchase agreements	766,989	381,218
Repayments to finance company regarding hire purchase agreements	(792,791)	(645,972)
	<hr/>	<hr/>
Net cash outflow from financing	(25,802)	(264,754)
	<hr/>	<hr/>

26 Analysis of net (debt)/funds

	At 1 March 2013 £	Cash flow £	At 28 February 2014 £
(Bank overdraft)/cash at bank and in hand	(3,097)	1,221,598	1,218,501
	<hr/>	<hr/>	<hr/>
	(3,097)	1,221,598	1,218,501
Loan notes	(1,000,000)	-	(1,000,000)
Obligations under hire purchase agreements	(25,802)	25,802	-
	<hr/>	<hr/>	<hr/>
Total net (debt)/funds	(1,028,899)	1,247,400	218,501
	<hr/>	<hr/>	<hr/>

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:

	2014 Weighted average exercise price	2014 Number of options	2013 Weighted average exercise price	2013 Number of options
Outstanding at the beginning and end of the year	<u>0.30</u>	<u>300,000</u>	<u>0.30</u>	<u>300,000</u>
Exercisable at the end of the year		<u>-</u>		<u>-</u>

The options outstanding at the year end have a maximum exercise price of £0.30 and a weighted average remaining contractual life of 2 years.

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

	2014 £	2013 £
Equity settled share based payment	<u>21,000</u>	<u>21,000</u>

28 Ultimate parent company and controlling party

The only group in which the results of the company are consolidated is that headed by Penarth Commercial Properties (Holdings) Limited. The consolidated accounts are available to the public and may be obtained from 281 Penarth Road, Cardiff.

The ultimate controlling party is considered to be Roger Pugsley by virtue of his 100% shareholding.

Company profit and loss account

for the year ended 28 February 2014

The following does not form part of the financial statements

	2014 £	2013 £
Administrative expenses	(192,572)	19,431
Operating loss	(192,572)	19,431
Interest payable	(60,000)	(60,000)
Dividends receivable	400,000	600,000
Profit on ordinary activities before taxation	147,428	559,431
Tax on profit on ordinary activities	58,344	14,901
Profit on ordinary activities after taxation being profit for the financial year	205,772	574,332