

Penarth Commercial Properties (Holdings) Limited
Directors' report and consolidated
financial statements
Registered number 5159037
28 February 2015

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Strategic Report

The results for the year are shown in the profit and loss account on page 8 and show a profit before tax for the financial year of £1,022,678 (2014: £286,950).

Business review

Sawmill

The results for the year show a profit before tax for the financial year of £1,610,817 (2014 £917,022).

During the year under review, turnover from the sawmill's operations increased by 6 % and margins improved resulting in an increase in gross profit of 18% in the period. Actions taken during the year to reduce the sawmill's cost base have succeeded, resulting in a return to expected levels of profitability.

Since the year end a new General Manager has been appointed to take day to day control of the business reporting directly to a main board director. The appointee was made from within the business and has long term experience of the sawmilling business. The Directors are satisfied that this has had a positive effect on the operation of the business.

The industrial estate at Gledrid has produced a rental income of £77,641 in the financial year (2014 £59,265).

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

Dealership

The results for the year show a loss before tax for the financial year of £356,993 (2014 £56,531 loss).

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. Both Volvo and Ford now offer battery powered electric vehicles. New products continue to be launched that reflect customers movement towards innovative products with good fuel economy and reduced costs of motoring. In 2014 the dealership was awarded the Transit commercial vehicle franchise for Cardiff and the surrounding areas replacing the previous franchisee. This is a significant business opportunity for the Company and initial signs are very positive. In addition the dealership has been awarded the FordStore franchise for Cardiff and South East Wales. This will enable the dealership to sell the full expanded range of Ford products including Mustang, RS, Vignale and other specialist products that Ford introduce. This is a further significant business opportunity as there will only be approximately 55 FordStores throughout the UK and the dealership has secured the representation for the most heavily populated part of Wales.

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. Since the year end the dealership has appointed an Operations Manager with specific responsibility for the Volvo 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 were later than expected in 2015. The reaction of the Motoring Press to the vehicle has been very positive, winning both the Auto Express car of the year and large SUV of the year.

The MG franchise continued during the year, although volumes remain very small. The brand continued into 2015 with the MG6 saloon car with petrol and diesel engines, and smaller MG3 hatchback in petrol engine versions only. This vehicle is well positioned in the market place and has proved popular with price conscious customers. Volumes remain small in relation to the dealership's overall sales volumes.

Strategic Report *(continued)*

Dealership (continued)

New car industry sales volumes have continued to climb year on year and are likely to result in an all makes market in excess of 2.4M new vehicles being registered in the UK in 2015. Whilst this is a positive step in terms of the new car market in the UK, there is continued 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.

In 2014 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 eleventh time and 6th in succession 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 dealership gives consideration to its short, medium and long term strategies. The dealership 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, Ford Commercial, Volvo and MG.

The dealership'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 dealership considers such additions will enhance its returns.

The longer term strategy is for the dealership 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.

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 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 the early part of 2016. 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 Company'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 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 sawmill's competitors in a similar manner, their ability to pass on such increases to customers may be uncertain.

Strategic Report *(continued)*

Risks to the group *(continued)*

The dealership sources its main products (that is, 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

25 November 2015

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2015.

Principal activities

The company acts as a holding company for the group.

The principal activities of the group are sawmilling and motor dealers and repairers.

Dividends

Dividends paid during the year were £120,000 in respect of the 2013/14 financial year and £60,000 in respect of the 2014/15 financial year (2014: £120,000 in respect of the 2012/13 financial year). The shareholder approved a final dividend of £70,000 in respect of the 2014/15 financial year.

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 decentralised 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

25 November 2015

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 2015 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 2015 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

26 ~~11~~ November 2015

Consolidated profit and loss account
for the year ended 28 February 2015

	<i>Note</i>	2015 £	2014 £
Turnover	2	62,803,229	54,740,954
Cost of sales		(54,795,323)	(47,386,229)
Gross profit		8,007,906	7,354,725
Distribution costs		(3,107,894)	(2,793,083)
Administrative expenses		(3,997,375)	(4,387,512)
Other operating income		252,809	218,966
Operating profit		1,155,446	393,096
Profit on disposal of fixed assets		34,183	32,115
Interest receivable and similar income	6	290	4,101
Interest payable and similar charges	6	(167,241)	(142,362)
Profit on ordinary activities before taxation	2-6	1,022,678	286,950
Tax on profit on ordinary activities	7	(237,601)	(181,036)
Profit on ordinary activities after taxation being profit for the financial year	18	785,077	105,914

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 2015

	Note	2015	2014
		£	£
Fixed assets			
Tangible assets	10	5,526,142	5,746,632
Investments	11	11,273	11,273
		<u>5,537,415</u>	<u>5,757,905</u>
Current assets			
Stocks	12	15,291,867	13,258,618
Debtors	13	3,940,715	3,961,738
Cash		764,785	1,218,501
		<u>19,997,367</u>	<u>18,438,857</u>
Creditors: amounts falling due within one year	14	(17,116,342)	(16,322,566)
		<u>2,881,025</u>	<u>2,116,291</u>
Net current assets		<u>2,881,025</u>	<u>2,116,291</u>
Total assets less current liabilities		<u>8,418,440</u>	<u>7,874,196</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)
		<u>7,660,440</u>	<u>7,116,196</u>
Net assets		<u>7,660,440</u>	<u>7,116,196</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	3,410,440	2,866,196
		<u>7,660,440</u>	<u>7,116,196</u>
Shareholder's funds	19	<u>7,660,440</u>	<u>7,116,196</u>

These financial statements were approved by the board of directors on 25 November 2015 and were signed on its behalf by:



R C Pugsley
Director

Company balance sheet
at 28 February 2015

	<i>Note</i>	2015		2014
		£	£	£
Fixed assets				
Investments	11	8,565,917		8,676,750
Current assets				
Debtors	13	600,480	729,836	
Cash		949,636	819,230	
		<u>1,550,116</u>	<u>1,549,066</u>	
Creditors: amounts falling due within one year	14	<u>(392,661)</u>	<u>(431,161)</u>	
Net current assets		<u>1,157,455</u>		1,117,905
Total assets less current liabilities		<u>9,723,372</u>		9,794,655
Creditors: amounts falling due after more than one year	15	<u>(700,000)</u>		(700,000)
Net assets		<u>9,023,372</u>		9,094,655
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	4,773,372		4,844,655
Shareholder's funds	19	<u>9,023,372</u>		9,094,655

These financial statements were approved by the board of directors on 25 November 2015 and were signed on its behalf by:



R C Pugsley
Director

Consolidated cash flow statement
for the year ended 28 February 2015

	<i>Note</i>	2015 £	2014 £
Cash inflow from operating activities	24	432,069	1,865,139
Returns on investments and servicing of finance	25	(166,951)	(138,261)
Taxation		(134,406)	(134,000)
Capital expenditure and financial investment	25	(404,428)	(225,478)
Equity dividends paid		(180,000)	(120,000)
Cash (outflow)/inflow before financing		(453,716)	1,247,400
Financing	25	-	(25,802)
(Decrease)/increase in cash in the financial year		(453,716)	1,221,598

Reconciliation of net cash flow to movement in net funds/(debt)

	<i>Note</i>	2015 £	2014 £
(Decrease)/increase in cash in the financial year		(453,716)	1,221,598
Cash outflow from movement in obligations under hire purchase agreements		-	25,802
Movement in net debt in the year		(453,716)	1,247,400
Net funds/(debt) at the start of the year		218,501	(1,028,899)
Net funds/(debt) at the end of the year	26	(235,215)	218,501

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 2016. The Directors are not aware of anything to indicate that these facilities will not be renewed. As at 28 February 2015 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 2015, the consolidated financial statements of Penarth Commercial Properties Limited showed distributable reserves of £5,389,368.

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 2015.

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. Profits or losses on intra-group transactions are eliminated in full.

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, less any provision for impairment

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 2015 is recognised as an employee expense with a corresponding increase in equity; any cancellations of those options is recognised as a reduction in employee expenses with a corresponding decrease 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

	2015 £	2014 £
Motor dealers and repairers	51,270,827	43,761,755
Sawmill	11,532,402	10,886,537
Vehicle hire	-	92,662
	<u>62,803,229</u>	<u>54,740,954</u>

3 Profit on ordinary activities before taxation

	2015 £	2014 £
<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	1,000	865
Fees payable to the company auditor and associates for other services:		
- the audit of the company's subsidiaries pursuant to legislation	27,400	27,950
- tax services	8,250	9,850
Depreciation and other amounts written off tangible fixed assets	659,101	692,629
Hire of plant and machinery - rentals payable under operating leases	69,907	69,658
	<u>659,101</u>	<u>692,629</u>

4 Remuneration of directors

	2015 £	2014 £
Directors' emoluments	91,489	95,450
Company contributions to money purchase schemes	-	2,088
	<u>91,489</u>	<u>97,538</u>

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

	2015	2014
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	
	2015	2014
Management	11	12
Administration	23	23
Production, sales and other staff	195	182
	<u>229</u>	<u>217</u>

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£	£
Wages and salaries	4,707,102	4,495,066
Social security costs	466,204	455,928
Other pension costs (see note 22)	47,569	38,034
	<u>5,220,875</u>	<u>4,989,028</u>

6 Interest payable and receivable

6a Interest receivable and similar income

	2015	2014
	£	£
Group		
Other interest receivable	290	4,101
	<u>290</u>	<u>4,101</u>

6b Interest payable and similar charges

	2015	2014
	£	£
Group		
On bank loans and overdrafts	10,265	9,977
Manufacturer standard vehicle stocking plans	95,455	65,504
Finance charges in respect of finance lease and hire purchase contracts	1,521	6,881
Interest payable on loan notes	60,000	60,000
	<u>167,241</u>	<u>142,362</u>

Notes (continued)

7 Taxation

Group	2015 £	2014 £
Current tax		
UK corporation tax on profits for the year	218,533	172,170
Adjustments in respect of prior years	(34,712)	29,478
	<hr/>	<hr/>
Total current tax charge	183,820	201,648
Deferred tax		
Deferred tax credit for the year (note 13)	53,781	(21,107)
Adjustments in respect of prior years	-	495
	<hr/>	<hr/>
Tax on profit on ordinary activities	237,601	181,036
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2014: higher) than the blended rate of corporation tax in the UK of 21.2% (2014: 23.1%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	1,022,678	286,950
	<hr/>	<hr/>
Profit on ordinary activities before tax multiplied by blended rate of corporation tax in the UK of 21.2 % (2014: 23.1%)	216,808	66,285
Effects of:		
Expenses not deductible for tax purposes	(20,255)	22,199
Capital allowances less than depreciation	16,863	84,082
Other timing differences	5,435	(1,496)
Adjustments in respect of prior years	(34,712)	29,478
Chargeable gain	-	2,467
Tax rate differences	(313)	(1,367)
Dividends	(6)	-
	<hr/>	<hr/>
Total current tax charge (see above)	183,820	201,648
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The deferred tax balance at 28 February 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the group's future current tax charge accordingly and reduce the deferred tax balance.

8 Dividends

The aggregate amount of dividends comprises:

	2015 £	2014 £
Dividends paid in respect of the current year	60,000	-
Dividends in respect of the year approved and recognised as a liability at year end	70,000	120,000
	<hr/>	<hr/>
	130,000	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 £ 169,550 (2014: £205,772). The retained profit for the financial year after dividends is £ 39,550 (2014: £85,772).

10 Tangible fixed assets

Group	Freehold land & buildings £	Plant, machinery & equipment £	Motor vehicles £	Total £
Cost or valuation				
At beginning of year	7,202,187	7,589,788	472,042	15,264,017
Additions	44,982	351,049	79,192	475,223
Disposals	-	(75,224)	(109,332)	(184,556)
At end of year	7,247,169	7,865,613	441,902	15,554,684
Analysis				
Assets at cost	4,897,169	7,865,613	441,902	13,204,684
Assets at valuation - 1989	1,500,000	-	-	1,500,000
- 1990	850,000	-	-	850,000
	7,247,169	7,865,613	441,902	15,554,684
Depreciation				
At beginning of year	2,339,738	6,897,067	280,580	9,517,385
Charge for year	202,301	362,419	94,381	659,101
On disposals	-	(75,224)	(72,720)	(147,944)
At end of year	2,542,039	7,184,262	302,241	10,028,542
Net book value				
At 28 February 2015	4,705,130	681,351	139,661	5,526,142
At 28 February 2014	4,862,449	692,721	191,462	5,746,632

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:

	2015 £	Group 2014 £
Cost	715,148	715,148
Depreciation	(379,794)	(369,547)
	335,354	345,601

The amount of non-depreciable assets within freehold land and buildings is £1,343,712 (2014: £1,324,843).

Notes (continued)

11 Investments

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

At 28 February 2015, 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%	-
Abbey Garages (Tredegar) Limited	- Dormant	100%	-
TGM Gauge Maintenance Limited	- Dormant	100%	-
Atlantic Trading Estate Management (Barry) Limited	- Dormant	100%	-
Cogan Car Company Limited	- Dormant	100%	-
Norman Harvey Garages (Cwmbran) Limited	- Dormant	100%	-
PCP Hotels Limited	- Dormant	100%	-
Penarth Road Motor Company Limited	- Dormant	100%	-
Fordthorne Limited	- Dormant	100%	-
		Group 2015	Company 2015
Shares in group undertakings:			
At beginning of year		-	8,676,750
Additions in the year			7,000
Reversal of capital contributions made to subsidiaries		-	(117,833)
At end of year		-	8,565,917
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	8,565,917
Total investments at beginning of year		11,273	8,676,750

Included in other investments are quoted investments amounting to £1,273 (2014: £1,273). The market value of quoted investments at 28 February 2015 amounted to £3,529 (2014: £2,993).

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. The reversal of capital contributions made to subsidiaries represent share options cancelled during the year.

Notes (continued)

12 Stocks

	Group	
	2015 £	2014 £
Raw materials and consumables	761,659	477,581
Work in progress	528,703	260,156
Finished goods	511,753	379,355
Motor vehicles	13,489,752	12,141,526
	<u>15,291,867</u>	<u>13,258,618</u>

13 Debtors

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
<i>Amounts falling due within one year</i>				
Trade debtors	2,653,507	2,592,172	-	-
Amounts owed by group undertakings	-	-	250,000	400,000
Amounts owed by group undertakings in respect of group relief	-	-	350,480	328,836
Other debtors	1,197,137	1,226,558	-	-
Prepayments and accrued income	83,302	82,458	-	1,000
	<u>3,933,946</u>	<u>3,901,188</u>	<u>600,480</u>	<u>729,836</u>
<i>Amounts falling due after more than one year</i>				
Deferred tax asset	6,769	60,550	-	-
	<u>3,940,715</u>	<u>3,961,738</u>	<u>600,480</u>	<u>729,836</u>

	Deferred taxation £
Group	
At beginning of year	(60,550)
Charged to the profit & loss account	53,781
At end of year	<u>(6,769)</u>

Notes (continued)

13 Debtors (continued)

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

Group	2015 £	2014 £
Difference between accumulated depreciation and amortisation and capital allowances	55,262	18,238
Other timing differences	(62,031)	(78,788)
	<u>(6,769)</u>	<u>(60,550)</u>

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The deferred tax balance at 28 February 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly and reduce the deferred tax balance.

14 Creditors: amounts falling due within one year

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Loan notes	300,000	300,000	300,000	300,000
Trade creditors	14,805,670	13,739,959	-	-
Other creditors	96,889	79,663	18,652	9,152
Proposed dividends	70,000	120,000	70,000	120,000
Taxation and social security:				
Corporation tax	183,934	134,520	-	-
Other taxes and social security	301,497	441,170	2,000	-
Accruals and deferred income	1,358,352	1,507,254	2,009	2,009
	<u>17,116,342</u>	<u>16,322,566</u>	<u>392,661</u>	<u>431,161</u>

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 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
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.

17 Called up share capital

	Group and Company 2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
4,250,000 Ordinary shares of 10p each	425,000	425,000

Notes (continued)

18 Movements on reserves

Group	Share premium £	Profit and loss account £
At beginning of year	3,825,000	2,866,196
Profit for the year	-	785,077
Reversal of capital contributions	-	(110,833)
Dividends	-	(130,000)
At end of year	3,825,000	3,410,440

Company	Share premium £	Profit and loss account £
At beginning of year	3,825,000	4,844,655
Profit for the year	-	169,550
Reversal of capital contributions	-	(110,833)
Dividends	-	(130,000)
At end of year	3,825,000	4,773,372

19 Reconciliation of movements in shareholder's funds

Group	2015 £	2014 £
Opening shareholder's funds	7,116,196	7,109,282
Profit for the year	785,077	105,914
(Reversal of capital contributions)/capital contribution	(110,833)	21,000
Dividends	(130,000)	(120,000)
Closing shareholder's funds	7,660,440	7,116,196

Company	2015 £	2014 £
Opening shareholder's funds	9,094,655	8,987,883
Profit for the year	169,550	205,772
(Reversal of capital contributions)/capital contribution	(110,833)	21,000
Dividends	(130,000)	(120,000)
Closing shareholder's funds	9,023,372	9,094,655

Notes (continued)

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 2015 was £nil (2014: £ nil), none of which has been provided for in these financial statements.

21 Commitments

At the year end the group had capital commitments of £ Nil (2014: £Nil).

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

	Group	
	2015 £	2014 £
<i>Operating leases which expire:</i>		
Within one year	-	-
In the second to fifth years inclusive	42,086	33,670

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:

	2015 £	2014 £
Contributions payable into group fund	47,569	35,946
Contributions payable into other personal pension plans	-	2,088
	47,569	38,034

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.

Notes (continued)

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

	2015 £	2014 £
Group operating profit	1,155,446	393,096
(Reversal of capital contributions)/capital contributions	(110,833)	21,000
Depreciation charge	659,101	692,629
(Increase)in stocks	(2,033,249)	(2,132,598)
(Increase)in debtors	(32,758)	(386,545)
Increase in creditors	794,362	3,277,557
	<hr/>	<hr/>
Net cash inflow from operating activities	432,069	1,865,139
	<hr/>	<hr/>

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

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest paid	(165,720)	(135,481)
Interest element of hire purchase rental payments	(1,521)	(6,881)
Interest received	290	4,101
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(166,951)	(138,261)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of fixed assets	(475,223)	(339,479)
Net proceeds from sale of fixed assets	70,795	114,001
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(404,428)	(225,478)
	<hr/>	<hr/>
Financing		
Proceeds from finance company regarding hire purchase agreements	-	766,989
Repayments to finance company regarding hire purchase agreements	-	(792,791)
	<hr/>	<hr/>
Net cash outflow from financing	-	(25,802)
	<hr/>	<hr/>

Notes (continued)

26 Analysis of net (debt)/funds

	At 1 March 2014	Cash flow	At 28 February 2015
	£	£	£
(Bank overdraft)/cash at bank and in hand	1,218,501	(453,716)	764,785
	<u>1,218,501</u>	<u>(453,716)</u>	<u>764,785</u>
Loan notes	(1,000,000)	-	(1,000,000)
	<u>218,501</u>	<u>(453,716)</u>	<u>(235,215)</u>
Total net (debt)/funds	218,501	(453,716)	(235,215)

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:

	2015 Weighted average exercise price	2015 Number of options	2014 Weighted average exercise price	2014 Number of options
Outstanding at the beginning of the year	0.30	300,000	0.30	300,000
Cancelled during the year		(200,000)		-
		<u>100,000</u>		<u>300,000</u>
Outstanding at the end of the year	0.30	100,000	0.30	300,000

The options outstanding at the year end have a maximum exercise price of £0.30 and a weighted average remaining contractual life of 7 months. On 30 September 2015, these share options lapsed.

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

	2015 £	2014 £
Equity settled share based payment	(110,833)	21,000

Notes *(continued)*

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 2015

The following does not form part of the financial statements

	2015 £	2014 £
Administrative expenses	(42,094)	(192,572)
Operating loss	(42,094)	(192,572)
Interest payable	(60,000)	(60,000)
Dividends receivable	250,000	400,000
Profit on ordinary activities before taxation	147,096	147,428
Tax on profit on ordinary activities	21,644	58,344
Profit on ordinary activities after taxation being profit for the financial year	169,550	205,772