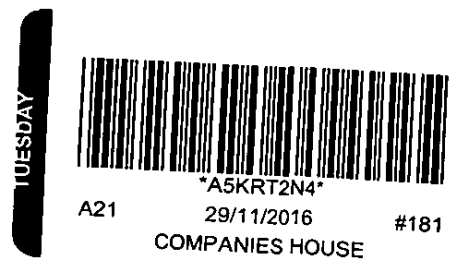


Vertu Motors (Knaresborough) Limited

Registered number 09526628

Financial statements

For the period ended 29 February 2016



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Directors' report

For the period ended 29 February 2016

The Directors present their annual report and the financial statements of the Company for the period ended 29 February 2016. The registered number of the Company is 09526628.

Principal activities

The Company was incorporated on 7 April 2015. The principal activity of the Company is a property holding Company.

Review of business and future developments

The Directors consider the trading results for the period ended 29 February 2016 to be satisfactory. The profit and loss account for the year is set out on page 4.

The directors have taken advantage of the small companies' exemption from preparation of a strategic report in accordance with section 414B of Companies Act 2006.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Vertu Motors plc, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Directors and Directors' interests

The Directors of the Company during the year and up to the date of signing the financial statements are listed below.

R T Forrester (appointed 7 April 2015)

K Anderson (appointed 7 April 2015)

D Crane (appointed 7 April 2015)

M Sherwin (appointed 7 April 2015)

None of the Directors had a beneficial interest in the share capital of the Company during the year ended 29 February 2016.

R T Forrester and M Sherwin are also Directors of the ultimate parent undertaking, Vertu Motors plc and their interests in the share capital of group undertakings are disclosed in the financial statements of that Company.

Political donations

The Company did not make any political contributions in the period.

By order of the Board



M Sherwin

Director

28 November 2016

Vertu House
Fifth Avenue Business Park
Team Valley
Gateshead
Tyne and Wear
NE11 0XA

Statement of Directors' responsibilities

For the year ended 29 February 2016

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 period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"), and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Income and Retained Earnings

For the year ended 29 February 2016

		Period ended 29 February 2016 £'000
	Note	
Turnover		120
Gross profit		120
Administrative expenses		(22)
Profit on ordinary activities before taxation	3	98
Tax on profit on ordinary activities	4	(24)
Profit for the financial year	10	74
Retained earnings at beginning of period		-
Retained earnings at end of period		74

All amounts arise from continuing operations

Balance Sheet

At 29 February 2016

	Note	29 February 2016 £'000
Fixed assets		
Investment properties	6	3,037
Creditors.		
Amounts falling due within one year	7	(2,963)
Net current liabilities		(2,963)
Total assets less current liabilities		74
Net assets		74
Capital and reserves		
Called up share capital	8	-
Profit and loss account	9	74
Total shareholders' funds	10	74

The notes on pages 5 to 9 form part of the financial statements

For the year ending 29 February 2016 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements were approved by the board of Directors on 28 November 2016 and were signed on its behalf by



M Sherwin
Director

Notes to the financial statements

For the year ended 29 February 2016

1. Principal accounting policies

General information

Vertu Motors (Knaresborough) Limited is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, NE11 0XA. The Company's registered number is 09526628.

The principal activity of the Company is that of a property holding company.

Statement of compliance

The financial statements of Vertu Motors (Knaresborough) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions in paragraph 1.12 of FRS 102:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Vertu Motors plc, the ultimate parent company, includes the Company's cash flows,
- from disclosing the Company key management personnel compensation.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company is a wholly-owned subsidiary of Vertu Motors plc and is included in the consolidated financial statements of Vertu Motors plc which are publicly available.

The Company has taken the exemption from an audit for the year ended 29 February 2016 by virtue of s479A of Companies Act 2006. In order to allow the Company to take the audit exemption, the parent company Vertu Motors plc has given a statutory guarantee of all the outstanding liabilities of the Company as at 29 February 2016.

Under section 479C of the Companies Act 2006, the parent company Vertu Motors plc has guaranteed all outstanding liabilities to which the Company was subject at the end of 29 February 2016 until they are satisfied in full. Such guarantees are enforceable against Vertu Motors plc by any person to whom any such liability is due.

Going Concern

The Directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Vertu Motors plc. The Directors have received confirmation that Vertu Motors plc intend to support Vertu Motors (Knaresborough) Limited for at least one year after these financial statements are signed.

Investment properties

Investment properties which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the statement of income and retained earnings.

Notes to the financial statements (continued)

For the year ended 29 February 2016

1 Principal accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease

Turnover

Turnover relates to the rental of properties and is measured at the fair value of consideration receivable, net of any discounts and Value Added Tax

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company

2. Directors' Emoluments

No Director received remuneration from the Company in respect of the year ended 29 February 2016. There are no other employees. The emoluments of the Directors are paid by the parent company. All the directors' services to this Company and to a number of fellow subsidiaries are of a non-executive nature and the emoluments are deemed to be attributable to the services to the parent Company

Notes to the financial statements (continued)

For the year ended 29 February 2016

3. Profit before tax

Profit before tax is stated after charging:

	Period ended 29 February 2016 £'000
Net loss to investment properties on fair value adjustment	22

4 Tax on profit on ordinary activities

a) Analysis of tax

	Period ended 29 February 2016 £'000
Current tax	
UK corporation tax on profits of the year	24
Total current tax charge	<u>24</u>
Deferred tax	
Origination and reversal of timing differences	-
Total deferred tax charge	<u>-</u>
Tax on profit on ordinary activities	<u>24</u>

b) Factors affecting taxation charge in the year

	Period ended 29 February 2016 £'000
Profit on ordinary activities, before taxation	98
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20%	20
Fair value adjustment	<u>4</u>
Current tax charge	<u>24</u>

The Summer Finance Bill 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been revalued at the lower rate of 18% in these financial statements.

In addition, on 16 March 2016 the Government announced in the 2016 Budget Report that there would be a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. As this had not been substantially enacted at the balance sheet date these rates do not apply to the deferred tax position at 29 February 2016 or to the expected reversal in the subsequent year. This proposal was enacted on 6 September 2016 in the Summer Finance Bill 2016.

5 Dividends

No dividend was paid or proposed in the year to 29 February 2016.

Notes to the financial statements (continued)

For the year ended 29 February 2016

6. Investment Properties

	Freehold land and buildings £'000
Valuation	
At 7 April 2015	-
Intercompany transfer	3,059
Net loss from fair value adjustments	(22)
At 29 February 2016	<u>3,037</u>

There has been no external valuation of the investment property, the fair value of the property has been determined using discounted cash flows of future rental yields -

The investment property above has a historical cost of £3,136,000

During the year, the property was transferred from Macklin Properties Limited, a fellow subsidiary company of Vertu Motors plc

7. Creditors: amounts falling due within one year

	29 February 2016 £'000
Amounts owed to Group undertakings	<u>2,963</u>
	<u>2,963</u>

Amounts owed by Group undertakings are unsecured, interest free and carry no fixed repayment date

8. Called up share capital

	29 February 2016 £
Authorised:	
1 ordinary shares of £1 each	<u>1</u>
Allotted and fully paid.	
1 ordinary share of £1 each	<u>1</u>

9. Reserves

	Profit and loss account £'000
At 7 April 2015	-
Profit for the financial year	74
At 29 February 2016	<u>74</u>

Notes to the financial statements (continued)

For the year ended 29 February 2016

10 Reconciliation of movement in shareholders' funds

	29 February 2016 £'000
Profit for the financial year	74
Net movement in shareholders' funds	74
Opening shareholders' funds	-
Closing shareholders' funds	74

11 Contingent liability

Along with other members of the Vertu Motors plc group of companies, the Company is party to cross guarantee arrangements in respect of the Group's borrowings. At 29 February 2016 the Group had drawn £14,000,000 of borrowings (2015: £3,500,000).

12. Related party transactions

The Company has a related party relationship with its subsidiaries and with its Directors and key management.

The Company is exempt from the requirements of FRS 102 to disclose transactions between group companies as all subsidiaries are wholly owned by Vertu Motors plc who have produced consolidated financial statements.

13. Ultimate parent company and controlling party

The Company's immediate parent company and ultimate controlling party is Vertu Motors plc, a Company incorporated in England and Wales.

Vertu Motors plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Vertu Motors plc can be obtained from The Company Secretary, Vertu Motors plc, Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0XA.