

## **Vertu Motors (Knaresborough) Limited**

Registered number 09526628

Directors' report and financial statements

For the year ended 28 February 2018



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## Directors' report

*For the year ended 28 February 2018*

The Directors present the annual report and the financial statements of Vertu Motors (Knaresborough) Limited, "the Company", for the year ended 28 February 2018. The registered number of the Company is 09526628.

### Principal activities

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

### Review of business and future developments

Turnover for the year has decreased by £1,000 (0.5%) to £205,000 and profit before tax has increased by £1,000 (0.6%) to £171,000. Net assets have increased by £133,000 (61%) as a result of the profit after tax for the year.

The key factors impacting the financial performance for the year ended 28 February 2018 and financial position at 28 February 2018 are consistent with those of Vertu Motors plc ("the Group"). Accordingly, a review of the financial performance and position of the Group, with details of likely future developments of the Group, which includes the Company, is set out in the Group's annual report which does not form part of this report.

The Directors consider the trading results for the year ended 28 February 2018 to be satisfactory. The statement of income and retained earnings 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  
K Anderson  
D Crane  
M Sherwin

None of the Directors had a beneficial interest in the share capital of the Company during the year ended 28 February 2018.

At 28 February 2018, R T Forrester and M Sherwin were also Directors of the ultimate parent undertaking, Vertu Motors plc and their interests in the share capital of the Group are disclosed in the financial statements of that company.

K Anderson was the Company Secretary throughout the year ended 28 February 2018.

## Directors' report (continued)

*For the year ended 28 February 2018*

### Political donations

The Company did not make any political donations in the year (2017: £Nil).

By order of the Board:



M Sherwin

**Director**

15 November 2018

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

## Statement of Directors' responsibilities

*For the year ended 28 February 2018*

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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared 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), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

## Statement of Income and Retained Earnings

*For the year ended 28 February 2018*

		Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
	Note		
<b>Turnover</b>		<b>205</b>	<b>206</b>
<b>Gross profit</b>		<b>205</b>	<b>206</b>
Administrative expenses		(34)	(36)
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>171</b>	<b>170</b>
Tax on profit on ordinary activities	<b>4</b>	(38)	(26)
<b>Profit for the financial year</b>	<b>10</b>	<b>133</b>	<b>144</b>
Retained earnings at beginning of year	<b>10</b>	<b>218</b>	<b>74</b>
<b>Retained earnings at end of year</b>	<b>10</b>	<b>351</b>	<b>218</b>

All amounts arise from continuing operations.

## Balance Sheet

At 28 February 2018

	Note	28 February 2018 £'000	28 February 2017 £'000
<b>Tangible fixed assets</b>	6	<b>2,946</b>	2,980
<b>Creditors: amounts falling due within one year</b>	7	<b>(2,582)</b>	(2,758)
<b>Net current liabilities</b>		<b>(2,582)</b>	(2,758)
<b>Total assets less current liabilities</b>		<b>364</b>	222
<b>Provisions for liabilities</b>	8	<b>(13)</b>	(4)
<b>Net assets</b>		<b>351</b>	218
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	<b>351</b>	218
<b>Total shareholders' funds</b>	11	<b>351</b>	218

The notes on pages 6 to 10 form part of the financial statements.

For the year ended 28 February 2018 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 15 November 2018 and were signed on its behalf by:



M Sherwin  
Director

# Notes to the financial statements

*For the year ended 28 February 2018*

## 1. Principal accounting policies

### General information

Vertu Motors (Knaresborough) Limited is a private company limited by shares and it is incorporated in England. 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

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 the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation as required by FRS 102 paragraph 33.7.

### 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 28 February 2018 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 28 February 2018.

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 28 February 2018 until they are satisfied in full. Such guarantees are enforceable against Vertu Motors plc by any person to whom any such liability is due.

### Change of accounting policies

The Company has elected to early adopt the amendments from the first triennial review of FRS102, which were consulted in Financial Reporting Exposure Draft (FRED) 67 and 68. The amendments allow for investment properties which are rented to other Group companies to be measured by reference to cost less depreciation and impairment rather than fair value. This has had no impact on the carrying value of the investment properties in the Company's portfolio. The impact of transition to the new accounting policies has been applied retrospectively.

Other amendments in the draft have been early adopted and have no impact on these financial statements.



## Notes to the financial statements (continued)

For the year ended 28 February 2018

### 1. Principal accounting policies (continued)

#### Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided at rates calculated to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Freehold property	2%
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#### 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 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 28 February 2018 (2017: £Nil). 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.

### 3. Profit before tax

Profit before tax is stated after charging:

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Depreciation charge (note 6)	34	36

## Notes to the financial statements (continued)

For the year ended 28 February 2018

### 4. Tax on profit on ordinary activities

#### a) Analysis of tax

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
<b>Current tax</b>		
UK corporation tax on profits of the year	29	29
Adjustments in respect of prior period	-	(7)
<b>Total current tax charge</b>	<b>29</b>	<b>22</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	10	12
Adjustments in respect of prior period	-	(7)
Impact of rate change	(1)	(1)
<b>Total deferred tax charge</b>	<b>9</b>	<b>4</b>
<b>Tax on profit on ordinary activities</b>	<b>38</b>	<b>26</b>

#### b) Factors affecting taxation charge in the year

The tax assessed for the year is higher (2017: lower) than the standard rate of corporation tax in the UK (19.08%).

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Profit on ordinary activities, before taxation	171	170
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 19.08% (2017: 20%)	33	34
Non-qualifying depreciation	6	7
Remeasurement of deferred tax – change in UK rate	(1)	(1)
Adjustments in respect of prior period	-	(14)
<b>Current tax charge</b>	<b>38</b>	<b>26</b>

The standard rate of Corporation Tax in the UK is 19% with effect from 1 April 2017. Accordingly, the Company's profits for this financial year are taxed at a rate of 19.08%.

The 2016 Finance Bill included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at 28 February 2018.

During the year ending 28 February 2019, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge by £8,000. This is primarily due to accelerated capital allowances.

### 5. Dividends

No dividend was paid or proposed in the year to 28 February 2018 (2017: £Nil).

## Notes to the financial statements (continued)

For the year ended 28 February 2018

### 6. Fixed assets

	Freehold land and buildings £'000
<b>Cost</b>	
<b>At 1 March 2017 and 28 February 2018</b>	<b>3,113</b>
<b>Accumulated depreciation</b>	
At 1 March 2017	133
Charge for financial year	34
<b>At 28 February 2018</b>	<b>167</b>
<b>Net book value</b>	
<b>At 28 February 2018</b>	<b>2,946</b>
At 28 February 2017	2,980

### 7. Creditors: amounts falling due within one year

	28 February 2018 £'000	28 February 2017 £'000
Amounts owed to Group undertakings	2,582	2,758
	<b>2,582</b>	<b>2,758</b>

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

### 8. Provisions for liabilities

Deferred tax liability:	28 February 2018 £'000	28 February 2017 £'000
At beginning of year	4	-
Charged to profit and loss account (note 4)	9	4
<b>At end of year</b>	<b>13</b>	<b>4</b>

Total deferred tax liability:

	28 February 2018 £'000	28 February 2017 £'000
Accelerated capital allowances	13	4
<b>At end of year</b>	<b>13</b>	<b>4</b>

### 9. Called up share capital

	28 February 2018 £	28 February 2017 £
<b>Authorised:</b>		
1 ordinary shares of £1 each	1	1
<b>Allotted and fully paid:</b>		
1 ordinary share of £1 each	1	1

## Notes to the financial statements (continued)

For the year ended 28 February 2018

### 10. Reserves

	Profit and loss account £'000
At 1 March 2017	218
Profit for the financial year	133
<b>At 28 February 2018</b>	<b>351</b>

### 11. Reconciliation of movement in shareholders' funds

	28 February 2018 £'000	28 February 2017 £'000
Profit for the financial year	133	144
Net movement in shareholders' funds	133	144
Opening shareholders' funds	218	74
<b>Closing shareholders' funds</b>	<b>351</b>	<b>218</b>

### 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.