

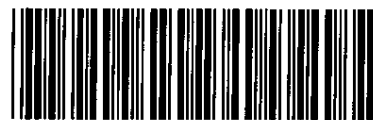
South Hereford Garages Trade Parts LLP

Registered number OC329367

Members' report and financial statements

For the year ended 28 February 2017

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Contents

| | |
|--|---|
| Members' report | 1 |
| Statement of Members' responsibilities | 3 |
| Statement of Comprehensive Income | 4 |
| Balance sheet | 5 |
| Statement of changes in equity | 6 |
| Notes to the financial statements | 7 |

Members' report

For the year ended 28 February 2017

The Members present their annual report and the audited financial statements of the LLP for the year ended 28 February 2017. The registered number of the LLP is OC329367.

Principal activities

The principal activity of the LLP is the provision of parts wholesale agency for VW group.

Review of business and future developments

Turnover represents commission recharges to VW group. All costs are recharged at cost plus commission to VW group.

Turnover and profit have decreased by £15,821 since the previous period, which reflected a 14 month trading period due to the change in year end.

The members consider the trading results for the year ended 28 February 2017 to be satisfactory. The statement of comprehensive income for the period is set out on page 4.

Principal risks and uncertainties

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

Designated members

The Members of the LLP during the period and up to the date of signing the financial statements are listed below:

South Hereford Garages Limited
Vertu Motors plc

Members' Interests

Members make contributions by way of debt to the LLP. These contributions are in proportions agreed between the members from time to time.

A person ceasing to be a member will be entitled to repayment of his LLP loan and debt, as defined by the members' agreement, within 12 months of the date on which he ceased to be a member, as well as accrued profits to that date, including a fair assessment of work in progress.

In the event of the cash requirements of the business conflicting with the need to allow cash drawings by members, members will be required either to reduce their drawings or introduce funds to meet those cash requirements. Any reduction of monthly drawings or introduction of funds will be made in the ratios of members' LLP shares.

Members' report (continued)

For the year ended 28 February 2017

Political donations

The LLP did not make any political contributions in the period (2016: £Nil).

The members have taken advantage of the exemption available to small LLPs from preparation of a strategic report in accordance with section 414B of Companies Act 2006.

On behalf of the Members:



M Sherwin
Director of South Hereford Garages Limited
24 November 2017

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

Statement of Members' responsibilities

For the year ended 28 February 2017

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulation 2008 requires the members to prepare financial statements for each financial period. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The members 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 LLP's performance, business model and strategy.

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

- the LLP 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 LLP;
- the Members' 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.

These responsibilities are exercised by the designated members on behalf of the members.

Statement of Comprehensive Income

For the year ended 28 February 2017

| | | Year ended 28 February 2017 £ | Period ended 29 February 2016 £ |
|--|-------------|--|--|
| | Note | | |
| Turnover – commission receivable | | 223,258 | 239,079 |
| Operating profit | 2 | 223,258 | 239,079 |
| Profit for the financial year/period before members' remuneration and profit share | | 223,258 | 239,079 |
| Profit for the financial year/period available for discretionary division among members | | 223,258 | 239,079 |
| Total comprehensive income | | 223,258 | 239,079 |

All results are derived from continuing operations.

The notes on pages 7 to 9 form part of the financial statements.

Balance Sheet

As at 28 February 2017

| | | 28 February 2017 £ | 29 February 2016 £ |
|---|-------------|--------------------------|--------------------------|
| | Note | | |
| Fixed assets | | | |
| Tangible assets | 4 | 49,464 | 58,910 |
| Current assets | | | |
| Debtors | 5 | 243,655 | 136,840 |
| Cash at bank and in hand | | 426,282 | 285,854 |
| | | 669,937 | 422,694 |
| Creditors: amounts falling due within one year | 6 | (23,362) | (8,168) |
| Net current assets | | 646,575 | 414,526 |
| Total assets less current liabilities | | 696,039 | 473,436 |
| Net assets attributable to members | | 696,039 | 473,436 |
| Represented by: | | | |
| Total members' interests | | | |
| Loans and other debts due to members | | 696,039 | 473,436 |

The notes on pages 7 to 9 form part of the financial statements.

For the financial year in question, the Limited Liability Partnership was entitled to exemption under section 479a of the Companies Act 2006 (as applied by Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulation 2008).

The members acknowledge their responsibility for complying with the requirements of the Companies Act 2006 (as applied to Limited Liability Partnerships) with respect to accounting records and the preparation of accounts.

These financial statements were approved by the members of the LLP on 24 November 2017 and were signed on its behalf by:



M Sherwin
Director of South Hereford Garages Limited – Designated Member

Statement of Changes in Equity

For the year ended 28 February 2017

| | Other reserves – amounts owed to members in respect of profits £ | Loans and other debts due to members £ | Total £ |
|--|--|---|----------------|
| Balance at 1 March 2016 | 73,046 | 400,390 | 473,436 |
| Profit for the financial year available for discretionary division amount members | 223,258 | - | 223,258 |
| Members' interests after profit for the period | 296,304 | 400,390 | 696,694 |
| Other divisions of profit: | | | |
| Other movements | (239,079) | 343,424 | 104,345 |
| Drawings paid in the year | - | (105,000) | (105,000) |
| Balance due at 28 February 2017 | 57,225 | 638,814 | 696,039 |

For the period ended 29 February 2016

| | Other reserves – amounts owed to members in respect of profits £ | Loans and other debts due to members £ | Total £ |
|--|--|---|----------------|
| Balance at 1 January 2015 | 187,964 | 179,094 | 367,058 |
| Profit for the financial year available for discretionary division amount members | 239,079 | - | 239,079 |
| Members' interests after profit for the year | 427,043 | 179,094 | 606,137 |
| Other divisions of profit: | | | |
| Other movements | (353,997) | 575,293 | 221,296 |
| Drawings paid in the year | - | (353,997) | (353,997) |
| Balance due at 29 February 2016 | 73,046 | 400,390 | 473,436 |

Notes to the financial statements

For the year to 28 February 2017

1. Principal accounting policies

General information

South Hereford Garages Trade Parts LLP is a limited liability partnership 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 OC329367.

The principal activity of the LLP is the provision of parts wholesale agency for VW group.

Statement of compliance

The financial statements of South Hereford Garages Trade Parts LLP 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"), applicable law and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'.

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 LLP's designated members.

The LLP 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 LLP'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 LLP's 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 (as applied by Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) and applicable accounting standards in the United Kingdom.

The LLP has taken the exemption from an audit for the year ended 28 February 2017 by virtue of s479A of Companies Act 2006 (as applied by Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). In order to allow the LLP to take the audit exemption, the parent company Vertu Motors plc has given a statutory guarantee of all of the outstanding liabilities of the LLP as at 28 February 2017.

Under section 479C of the Companies Act 2006 (as applied by Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), the parent company Vertu Motors plc has guaranteed all outstanding liabilities to which the LLP was subject at the end of 28 February 2017 until they are satisfied in full. Such guarantees are enforceable against Vertu Motors plc by any person to whom any such liability is due.

The principal accounting policies, which have been consistently applied throughout the period and the preceding period, are set out below.

Notes to the financial statements (continued)

For the year to 28 February 2017

1. Principal accounting policies (continued)

Tangible fixed assets and depreciation

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 period 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:

| | |
|----------------------|----------------------|
| Computer equipment | 33.33% straight line |
| Fixture and fittings | 10% straight line |
| Office equipment | 10% straight line |

Turnover

Turnover represents commission recharges to VW Group which falls under an agency arrangement under FRS 102. All costs of the LLP are recharged at cost plus commission to VW Group.

All turnover derives from activities in the United Kingdom.

2. Operating profit

| | Year ended 28 February 2017 £ | Period ended 29 February 2016 £ |
|---|--|--|
| The operating profit is stated after charging: | | |
| Wages and salaries (note 3) | 834,595 | 898,966 |
| Operating lease rentals | 51,572 | 60,251 |
| Depreciation of tangible fixed assets – owned assets (note 4) | 17,536 | 19,181 |

These costs were recharged to VW in full as part of the agency arrangement described in note 1.

3. Employee information

The average number of persons employed during the year/period (excluding members) was:

| | 2017 No | 2016 No |
|------------------------|------------|------------|
| Management | 2 | 1 |
| Sales and Distribution | 38 | 36 |
| Administration | 1 | 1 |
| | <u>41</u> | <u>38</u> |

Costs for the above colleagues were:

| | Year ended 28 February 2017 £ | Period ended 29 February 2016 £ |
|-----------------------|--|--|
| Wages and salaries | 741,842 | 820,022 |
| Social security costs | 87,474 | 71,023 |
| Other pension costs | 5,279 | 7,920 |
| | <u>834,595</u> | <u>898,965</u> |

These costs were recharged to VW in full as part of the agency arrangement described in note 1.

Notes to the financial statements (continued)

For the year to 28 February 2017

4. Tangible assets

| | Computer equipment £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|---------------------------------|----------------------------|-------------------------------|--------------------------|----------------|
| Cost | | | | |
| At 1 March 2016 | 55,648 | 109,353 | 18,036 | 183,037 |
| Additions | 703 | 5,238 | 2,149 | 8,090 |
| At 28 February 2017 | 56,351 | 114,591 | 20,185 | 191,127 |
| Depreciation | | | | |
| At 1 March 2016 | 50,271 | 57,976 | 15,880 | 124,127 |
| Charge for the financial period | 2,482 | 10,749 | 4,305 | 17,536 |
| At 28 February 2017 | 52,753 | 68,725 | 20,185 | 141,663 |
| Net book value | | | | |
| At 28 February 2017 | 3,598 | 45,866 | - | 49,464 |
| At 29 February 2016 | 5,377 | 51,377 | 2,156 | 58,910 |

5. Debtors

| | 28 February 2017 £ | 29 February 2016 £ |
|---------------|--------------------------|--------------------------|
| Trade debtors | 188,733 | 112,674 |
| Prepayments | 54,922 | 24,166 |
| | 243,655 | 136,840 |

6. Creditors – amounts falling due within one year

| | 28 February 2017 £ | 29 February 2016 £ |
|----------|--------------------------|--------------------------|
| Accruals | 23,362 | 8,168 |
| | 23,362 | 8,168 |

7. Related party disclosure

The LLP has related party relationships with its designated members and subsidiary companies of Vertu Motors plc.

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

8. Ultimate controlling party

Vertu Motors plc has ultimate control over the affairs of the LLP by virtue of being a designated member of the LLP, and the ultimate parent company of South Hereford Garages Limited, the remaining designated members of the LLP.

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.