

Sandown Surrey and Hampshire Limited

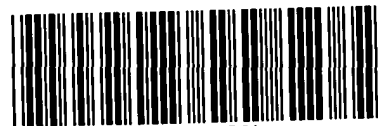
Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 3018671

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Sandown Surrey and Hampshire Limited

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Company Information

Directors	G McAllister G R Copling
Company secretary	G R Copling
Registered number	3018671
Registered office	Edison Road Houndmills Basingstoke Hampshire RG21 6YH
Independent auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Sandown Surrey and Hampshire Limited

Strategic Report For the Year Ended 31 December 2017

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2017.

Principal activities, review of business and future developments

The principal activity of the company is the operation of franchised motor dealerships.

There have been no changes to the company's principal activity in the year under review.

The directors are pleased to report continuing levels of profitability which has remained in line with previous years. This is despite a slow-down in the industry from mid-2017. There continues to be pressure on vehicle margins however, with the increased turnover due to the demand for the product, the overall return on sales has remained in line with last year.

It is the directors' policy to continue to support the goals and aspirations of the manufacturer and the company continues to have an extremely good working relationship with them.

There have been no events since the balance sheet date which materially affect the position of the company.

There are no plans to change the principal activity of the company.

Review of financial position

The results for the year and the financial position at the year end were considered satisfactory by the directors.

The company has net current assets of £7.9m (2016 - £6.7m).

Net assets have increased to £8.7m (2016 - £7.5m).

Key performance indicators

We consider that the key financial performance indicators of the company are as follows:

	2017	2016	Method of calculation
Return on sales (%)	1.2	1.2	Profit before tax divided by turnover
Gross margin (%)	11.8	11.9	Gross operating profit divided by turnover
Operating profit (%)	1.6	1.6	Operating profit divided by turnover
Return on capital employed (%)	33.8	43.1	Operating profit divided by capital employed

These financial KPI's are deemed satisfactory by the directors, the low return on sales percentage being indicative of the motor industry.

The Directors also monitor non financial key performance indicators which include:

- Customer satisfaction, as monitored by independent third parties
- Employee turnover and absence

Sandown Surrey and Hampshire Limited

Strategic Report (continued) For the Year Ended 31 December 2017

Principal risks and uncertainties

The management of the business and the execution of the company strategy are subject to a number of risks. These risks are reviewed by the directors and where appropriate, monitored and mitigated by suitable processes. The main risks identified by the Board are as follows:

Competitive market risk

The motor industry is highly competitive market which has seen significant consolidation in recent years. In addition to this, the market includes a number of internet based operators and independent aftersales businesses from small garages to national fast fit operators. By ensuring that we provide the best quality of service at competitive price, we believe that we can compete effectively in the market place.

UK Economy

The new and used car markets are influenced by the general economic conditions in the UK and the general uncertainty caused by the outcome of the Brexit vote. Factors which affect our business include interest rates, fuel costs, indirect taxation, carbon emission charges and taxation and other factors that may influence consumer confidence. We believe that our business model of new and used vehicle sales and aftersales offerings mitigate these risks as a fall in new sales can to some extent be substituted by increased used and aftersales performance.

Legislation

Our business is affected by Government legislation in a number of areas. Changes in Government policy on interest rates, vehicle emissions, congestion charges, taxation policy and increased regulation by the FCA could all have a material impact.


Financial risk management objective and policies

Our principal financial instruments are cash and items such as debtors and trade creditors that arise directly from our operations. The main purpose of these financial instruments is to finance our operations. We are not exposed to currency risk as all our financial instruments are denominated in sterling. We limit exposure to credit risk as in the majority of transactions with customers, the goods are not released until payment has been received in full. Where credit is provided to trade customers, credit limits are set based on payment history and third party references. These limits are reviewed regularly by the directors.

Interest rate risk

The only exposure to interest rate risk relates to vehicle financing which is linked to finance house base rates. The directors regularly review these rates.

This report was approved by the board and signed on its behalf.



**G McAllister
Director**

Date: 19 April 2018

Sandown Surrey and Hampshire Limited

Directors' Report For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £1,209,000 (2016 - £1,089,000).

The directors do not recommend the payment of a dividend.

Future developments

Information on the likely future developments in the business of the company has been included in the Strategic Report on page 1.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Directors

The directors who served during the year were:

G McAllister
G R Copling
P M Todd (resigned 23 March 2018)

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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;
- 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 to 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.

Sandown Surrey and Hampshire Limited

Directors' Report (continued) For the Year Ended 31 December 2017

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



G McAllister
Director

Date: 19 April 2018

Sandown Surrey and Hampshire Limited

Independent Auditors' Report to the member of Sandown Surrey and Hampshire Limited

Opinion

We have audited the financial statements of Sandown Surrey and Hampshire Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Sandown Surrey and Hampshire Limited

Independent Auditors' Report to the member of Sandown Surrey and Hampshire Limited (continued)

Other information

The other information comprises the information included in the Strategic Report and the Directors' Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the Directors' Report and the Strategic Report, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Sandown Surrey and Hampshire Limited

Independent Auditors' Report to the member of Sandown Surrey and Hampshire Limited (continued)

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the company's member 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BDO LLP

Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

19 April 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Sandown Surrey and Hampshire Limited

Statement of Income and Retained Earnings For the Year Ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	3	119,958	112,387
Cost of sales		(105,804)	(98,990)
Gross profit		14,154	13,397
Administrative expenses		(12,282)	(11,591)
Operating profit	4	1,872	1,806
Interest payable and expenses	7	(392)	(439)
Profit before tax		1,480	1,367
Tax on profit	8	(271)	(278)
Profit after tax		1,209	1,089
Retained earnings at the beginning of the year		7,003	5,914
Profit for the year		1,209	1,089
Retained earnings at the end of the year		8,212	7,003

The notes on pages 10 to 21 form part of these financial statements.


Sandown Surrey and Hampshire Limited

Registered number: 3018671

Balance Sheet As at 31 December 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	10		809		829
Current assets					
Stocks	11	38,228		25,626	
Debtors	12	13,900		9,696	
Cash at bank and in hand		3,201		3,335	
		<u>55,329</u>		<u>38,657</u>	
Creditors: amounts falling due within one year	13	(47,396)		(31,962)	
Net current assets			<u>7,933</u>		<u>6,695</u>
Total assets less current liabilities			<u>8,742</u>		<u>7,524</u>
Creditors: amounts falling due after more than one year	14		(18)		-
Deferred tax	15		(12)		(21)
Net assets			<u><u>8,712</u></u>		<u><u>7,503</u></u>
Capital and reserves					
Called up share capital	16		500		500
Profit and loss account	17		8,212		7,003
			<u><u>8,712</u></u>		<u><u>7,503</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


G R Copling
Director

Date: 19 April 2018

The notes on pages 10 to 21 form part of these financial statements.

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Sandown Surrey and Hampshire Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sandown Motors Limited as at 31 December 2017 and these financial statements may be obtained from the registered address of the company.

1.3 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment or delivery to the customer. Service work is recognised on the completion of the agreed work.

1.4 Intangible assets

Goodwill arising on an acquisition of a trade is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the Statement of Income and Retained Earnings over the directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.5 Tangible fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property	-	Over the life of the lease
Plant and machinery	-	10% - 15% straight line
Fixtures and fittings	-	20% - 33% straight line

1.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Where the nature of the agreement with the manufacturer confers the benefit and associated risk of ownership to the company on consignment, such stocks and the corresponding creditor are included on the balance sheet although legal title remains with the supplier until sold. Parts stock is shown at weighted average purchase price paid. Provision is made for obsolete, slow moving or defective items where appropriate.

1.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

1.9 Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

1.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.11 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The directors have made the following critical estimates and judgements deemed to be applicable to the financial statements:

Stocks

Consideration has been given by the directors to the level of provision against vehicle stocks. In determining the provision required the directors have used guidance from independent valuation tools and their knowledge of the industry.

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

3. Turnover

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Vehicles	103,971	98,070
Aftersales	15,987	14,317
	<u>119,958</u>	<u>112,387</u>

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	224	219
Operating lease expense	1,043	926
Defined contribution pension cost	38	37
	<u>1,305</u>	<u>1,182</u>

5. Auditors' remuneration

	2017 £000	2016 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	17	17
Fees payable to the company's auditor in respect of:		
Other services relating to taxation	2	3
All other services	2	2
	<u>4</u>	<u>5</u>

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

6. Employees

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	5,881	5,427
Social security costs	569	517
Cost of defined contribution scheme	38	37
	<u>6,488</u>	<u>5,981</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Selling and administration	160	154
Administration	41	40
	<u>201</u>	<u>194</u>

Remuneration in respect of the directors and key management is borne by a fellow subsidiary undertaking. The directors received total remuneration of £258,000 (2016 - £238,000) and defined contribution pension scheme contributions of £17,000 (2016 - £17,000) from this subsidiary during the year.

7. Interest payable and similar charges

	2017 £000	2016 £000
Stocking loan interest	<u>392</u>	<u>439</u>

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

8. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	186	192
Adjustments in respect of previous periods	(1)	1
Group taxation relief	95	98
Total current tax	280	291
Deferred tax		
Origination and reversal of timing differences	5	(11)
Change in tax rate	-	(2)
Adjustments in respect of previous periods	(14)	-
Total deferred tax	(9)	(13)
Taxation on profit on ordinary activities	271	278

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	1,480	1,367
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	285	273
Effects of:		
Expenses not deductible for tax purposes	2	3
Change in deferred tax rate	(1)	-
Adjustments to tax charge in respect of prior periods	(15)	1
Other timing differences	-	1
Total tax charge for the year	271	278

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

8. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2015 reduced the main rate of Corporation Tax from 20% to 19% with effect from 1 April 2017. In addition the Government has announced that from 1 April 2020 the Corporation Tax main rate will be further reduced to 17%. We have used a rate of 19.25% for the purpose of preparing the tax disclosure.

Accordingly, deferred tax balances recognised in the accounts as at the year end have been calculated as using the 17% rate.

9. Intangible assets

	Goodwill £000
Cost	
At 1 January 2017 and 31 December 2017	1,451
	<hr/>
Amortisation	
At 1 January 2017 and 31 December 2017	1,451
	<hr/>
Net book value	
At 31 December 2016 and 31 December 2017	-
	<hr/> <hr/>

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

10. Tangible fixed assets

	Leasehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2017	826	862	932	2,620
Additions	41	64	99	204
At 31 December 2017	<u>867</u>	<u>926</u>	<u>1,031</u>	<u>2,824</u>
Depreciation				
At 1 January 2017	364	745	682	1,791
Provided for the year	88	47	89	224
At 31 December 2017	<u>452</u>	<u>792</u>	<u>771</u>	<u>2,015</u>
Net book value				
At 31 December 2017	<u>415</u>	<u>134</u>	<u>260</u>	<u>809</u>
At 31 December 2016	<u>462</u>	<u>117</u>	<u>250</u>	<u>829</u>

All leasehold land and buildings are considered to be short leasehold.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £000	2016 £000
Fixtures and fittings	<u>22</u>	<u>-</u>

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

11. Stocks

	2017 £000	2016 £000
Work in progress	49	45
Finished goods and goods for resale	38,179	25,581
	<u>38,228</u>	<u>25,626</u>

Stock recognised in cost of sales during the year as an expense was £105,036,000 (2016 - £98,312,000).

Vehicle depreciation and parts stock obsolescence totalling £617,000 (2016 - £543,000) was recognised in cost of sales and administrative expenses during the year.

Consignment stock

Vehicles on consignment from Mercedes-Benz incurring interest are included on the balance sheet because the nature of the agreement confers substantially all of the benefit and associated risk of ownership to the company. The total value of vehicles on consignment which are not incurring interest and have therefore been excluded total £Nil (2016 - £Nil).

In the opinion of the directors, there is no material difference between the replacement cost of stocks and the amounts stated above.

12. Debtors

	2017 £000	2016 £000
Due within one year		
Trade debtors	3,797	2,317
Amounts owed by group undertakings	8,311	5,490
Prepayments and accrued income	1,792	1,889
	<u>13,900</u>	<u>9,696</u>

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

13. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Vehicle stocking loans	12,632	10,207
Trade creditors	5,691	4,103
Amounts owed to group undertakings	190	157
Corporation tax	49	106
Other taxation and social security	907	729
Net obligations under finance lease and hire purchase contracts	5	-
Finance for deposits on consignment stock	27,285	16,260
Accruals and deferred income	637	400
	<u>47,396</u>	<u>31,962</u>

Vehicle stocking loans are secured against the relevant assets concerned.

Finance for deposits on consignment stock are secured against the relevant assets concerned.

The net obligations under hire purchase contracts are secured against each individual asset concerned.

14. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Net obligations under finance leases and hire purchase contracts	<u>18</u>	<u>-</u>

Maturity of debt:

	Loans and overdrafts 2017 £000	Finance leases 2017 £000	Loans and overdrafts 2016 £000	Finance leases 2016 £000
In one year or less, or on demand	12,632	5	10,207	-
In more than one year but not more than two years	-	5	-	-
In more than two years but not more than five years	-	13	-	-
	<u>12,632</u>	<u>23</u>	<u>10,207</u>	<u>-</u>

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

15. Deferred taxation

	2017 £000	2016 £000
At beginning of year	21	34
Credited to profit or loss	(9)	(13)
At end of year	12	21

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	12	22
Sundry timing differences	-	(1)
	12	21

The company has capital losses totalling £204,000 (2016 - £204,000) available to carry forward.

At the year end there is an unprovided deferred tax asset in relation to these losses totalling £35,000 (2016 - £35,000).

16. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Authorised, allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	500	500

17. Reserves

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid.

18. Contingent liabilities

The company has given an unlimited guarantee dated 3 September 2014 in favour of its banking facilities to Sandown Motors Limited and its fellow subsidiaries.

Sandown Surrey and Hampshire Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £38,000 (2016 - £37,000). There were outstanding contributions totalling £Nil (2016 - £11,000) at the end of the financial year.

20. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than 1 year	98	98
Later than 1 year and not later than 5 years	169	246
Later than 5 years	49	70
	<u>316</u>	<u>414</u>

21. Related party transactions

The company is a wholly owned subsidiary of The Hampshire Motor Investment Company Limited and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with The Hampshire Motor Investment Company Limited or other wholly owned subsidiaries within the group.

During the year the company made sales of £5,247,000 (2016 - £4,111,000) to related companies and purchases of £5,483,000 (2016 - £4,968,000) from related companies. At the year end the amount owed by related companies totalled £4,965,000 (2016 - £1,772,000) and the amount owed to related companies totalled £190,000 (2016 - £157,000).

All these companies are under common control.

As disclosed in note 18 the company has given an unlimited guarantee to Sandown Motors Limited and its subsidiaries. The total outstanding bank debt at 31 December 2017 for the group was £Nil (2016 - £1,419,000).

22. Controlling party

The immediate controlling party and parent undertaking is The Hampshire Motor Group Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is Osiris International Trustees Limited, a company incorporated in the British Virgin Islands.

The largest group in which the results of the company are consolidated is that headed by Selanac Holdings Limited, incorporated in Cyprus. The consolidated accounts are available to the public and may be obtained from Selanac Holdings Limited, Illioudspoleos, 7 Agios Antreas, 1105, Nicosia, Cyprus. The smallest group in which they are consolidated is that headed by Sandown Motors Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.