

REGISTERED NUMBER: 10274011 (England and Wales)

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2017
for
Thames Honda Holdings Limited

ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR



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for the Year Ended 31 December 2017

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Thames Honda Holdings Limited
Company Information
for the Year Ended 31 December 2017

DIRECTORS: S E Clark
C J Forbes
G M Lalayiannis
L B Forbes

REGISTERED OFFICE: Ruislip Honda
Victoria Road
Ruislip
Middlesex
HA4 0LJ

REGISTERED NUMBER: 10274011 (England and Wales)

AUDITORS: ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Group Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

REVIEW OF BUSINESS

In 2017 Thames Honda Limited achieved a profit before tax of £712,259. This represents 2.1% return on turnover and is in line with the 2016 results.

Redevelopment costs and consequent disruption at three dealerships impacted on the group in the final quarter of the year but mainly on the first half of 2018. In hindsight, the staging of these should have been planned differently.

On a like for like basis costs and service absorption also remained similar to 2016 levels.

Supply of new cars remains erratic but margins remain good. Used car sales in 2017 were less buoyant than in 2016 but numbers and margins were strong in some dealerships. The group strengths remain the quality of our staff and the location of our dealerships.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Business, people and reputation

The group has invested heavily in its people and its reputation over a number of years. It is therefore reliant on these individuals to a degree in delivering the group result and reinforcing the underlying group brand. The group undertakes a regular review of remuneration and packages to ensure that it attracts and retains the best people.

Competition

We compete with other franchised vehicle dealerships, independent used vehicle sellers, private buyers and sellers, internet based dealers, independent service and repair shops and vehicle manufacturers who have entered the retail market. We compete for the sale of new and used vehicles, the performance of warranty repairs, non-warranty repairs, routine maintenance business and for the provision of spare parts. The principal competitive factors in service and parts sales are price, familiarity with a manufacturer's brands and models and the quality of customer service.

Used vehicle price variation

Used vehicle prices can decline significantly. As a significant proportion of our business comprises used vehicle sales, these declines can have a material impact on our business. The impact of declines in used vehicle prices can result in reduced profits on sales and also write-downs in the value of used vehicle inventory.

MANUFACTURERS SUPPLY OF NEW AND IMPROVED PRODUCTS

The group is reliant on new vehicle products from its manufacturer partners. This exposes the group to risks in a number of areas as the group is dependent on its manufacturer/supplier in respect of:

- availability of new vehicle products
- quality of new vehicle products
- pricing of new vehicle products

The directors are confident that future new products from its manufacturers/suppliers will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by the other core business areas of the group, including used vehicle sales, parts sales and service work.

ECONOMIC DOWNTURN

The success of the business is reliant on consumer spending. An economic downturn, resulting in a reduction of consumer spending power, will have a direct impact on the income achieved by the company.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

POSSIBLE IMPACT OF BREXIT

A "Hard" Brexit may have an impact on the UK car market from March 2019 with possible rises in the cost of vehicles and parts from overseas due to adverse exchange rates and higher tariffs. Per SMMT "Import tariffs alone could push up the list price of cars imported to the UK from the continent by an average of £1,500 if brands and their retail networks were unable to absorb these additional costs." This would affect demand for new car sales with selling price rises inevitable, although used car volumes may increase.

Group Strategic Report
for the Year Ended 31 December 2017

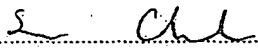
KEY PERFORMANCE INDICATORS

A key non financial indicator is new vehicle units which although inhibited by supply were at comparable levels to 2016. Used vehicle sales and Service hours remained solid.

The directors have monitored the overall company strategy and the individual strategic elements by reference to gross margin and operating profit which are set out in the attached documents.

As previously mentioned, early 2018 has been affected by the redevelopment cost and disruption, but the long term gain will make it worthwhile and the second half of the year looks to be reflecting this.

ON BEHALF OF THE BOARD:


S E Clark - Director

Date: 27/09/2018

Report of the Directors
for the Year Ended 31 December 2017

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

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2017 will be £2,900,699 (2016: £100,000).

FUTURE DEVELOPMENTS

There are no future developments which require disclosure.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

S E Clark
C J Forbes
G M Lalayiannis
L B Forbes

FINANCIAL INSTRUMENTS

The group uses various financial instruments which include stocking loans, cash and various items, such as consignment stock, trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for the group's operations. Their existence exposes the group to a number of financial risks.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks which are summarised below. These policies have remained unchanged from previous years.

INTEREST RATE RISK

The group finances its operations through a mixture of external borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. The Statement of Financial Position includes trade debtors and creditors which do not attract interest.

The group policy throughout the year has been to achieve its objective of managing interest rate risk through day to day involvement of management in business decisions rather than through setting maximum or minimum levels for the level of fixed interest rate borrowings.

LIQUIDITY RISK

The group seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs to invest cash assets safely and profitably.

The group's policy throughout the year has been to achieve this objective through the day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

CREDIT RISK

The group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparts have high credit ratings assigned by international credit-rating agencies. The principal credit risk therefore arises from its trade debtors.

In order to manage credit risk, the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance director on a regular basis in conjunction with debt ageing and collection history.

DISCLOSURE IN THE STRATEGIC REPORT

The Directors review of business, and their consideration of the risks and uncertainties surrounding the business may be found in the Strategic Report.

Report of the Directors
for the Year Ended 31 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

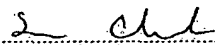
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, ASE Audit LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:


S E Clark - Director

Date: 27/09/2018

Report of the Independent Auditors to the Members of
Thames Honda Holdings Limited

Opinion

We have audited the financial statements of Thames Honda Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 group's and of the parent company affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group'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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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 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, 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.

Opinion 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

Report of the Independent Auditors to the Members of
Thames Honda Holdings Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.

ASE Audit LLP

Beverley Richardson FCA (Senior Statutory Auditor)
for and on behalf of ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Date: 27/09/18

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
TURNOVER	3	33,411,934	33,597,264
Cost of sales		<u>28,506,288</u>	<u>28,516,338</u>
GROSS PROFIT		4,905,646	5,080,926
Administrative expenses		<u>4,327,865</u>	<u>4,380,329</u>
		577,781	700,597
Other operating income	4	<u>136,072</u>	<u>56,311</u>
OPERATING PROFIT	6	713,853	756,908
Interest payable and similar expenses	7	<u>1,593</u>	<u>5,771</u>
PROFIT BEFORE TAXATION		712,260	751,137
Tax on profit	8	<u>86,843</u>	<u>152,626</u>
PROFIT FOR THE FINANCIAL YEAR		625,417	598,511
OTHER COMPREHENSIVE INCOME			
Revaluation of motor vehicle		(820)	380
Arising on group reconstruction		(4,600,000)	-
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(4,600,820)</u>	<u>380</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(3,975,403)</u>	<u>598,891</u>
(Loss)/profit attributable to: Owners of the parent		<u>625,417</u>	<u>598,511</u>
Total comprehensive income attributable to: Owners of the parent		<u>(3,975,403)</u>	<u>598,891</u>

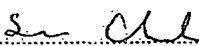
The notes form part of these financial statements

Thames Honda Holdings Limited (Registered number: 10274011)

Consolidated Statement of Financial Position
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	11	241,477	2,753,497
Investments	12	-	-
		<u>241,477</u>	<u>2,753,497</u>
CURRENT ASSETS			
Stocks	13	4,136,317	3,765,552
Debtors	14	1,068,960	776,940
Cash at bank and in hand		784,442	1,270,145
		<u>5,989,719</u>	<u>5,812,637</u>
CREDITORS			
Amounts falling due within one year	15	(3,418,074)	(3,437,395)
NET CURRENT ASSETS		<u>2,571,645</u>	<u>2,375,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,813,122</u>	<u>5,128,739</u>
PROVISIONS FOR LIABILITIES	18	(35,663)	(75,178)
NET ASSETS		<u>2,777,459</u>	<u>5,053,561</u>
CAPITAL AND RESERVES			
Called up share capital	19	4,600,004	4
Revaluation reserve	20	26,482	27,302
Capital redemption reserve	20	35,001	35,001
Other reserves	20	(4,485,000)	115,000
Retained earnings	20	2,600,972	4,876,254
SHAREHOLDERS' FUNDS		<u>2,777,459</u>	<u>5,053,561</u>

The financial statements were approved by the Board of Directors on 27th September '18 and were signed on its behalf by:


S E Clark - Director

The notes form part of these financial statements

Thames Honda Holdings Limited (Registered number: 10274011)

**Company Statement of Financial Position
31 December 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	11	-	-
Investments	12	4,600,000	-
		<u>4,600,000</u>	<u>-</u>
CURRENT ASSETS			
Debtors	14	4	4
		<u>4</u>	<u>4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,600,004</u>	<u>4</u>
CAPITAL AND RESERVES			
Called up share capital	19	4,600,004	4
		<u>4,600,004</u>	<u>4</u>
SHAREHOLDERS' FUNDS		<u>4,600,004</u>	<u>4</u>
Company's profit for the financial year		<u>-</u>	<u>-</u>

The financial statements were approved by the Board of Directors on 27th September 2018 and were signed on its behalf by:


S E Clark - Director

The notes form part of these financial statements

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Revaluation reserve £
Balance at 1 January 2016	-	4,358,113	46,552
Changes in equity			
Issue of share capital	4	-	-
Dividends	-	(100,000)	-
Total comprehensive income	-	618,141	(19,250)
Balance at 31 December 2016	<u>4</u>	<u>4,876,254</u>	<u>27,302</u>
Changes in equity			
Issue of share capital	4,600,000	-	-
Dividends	-	(2,900,699)	-
Total comprehensive income	-	625,417	(820)
Balance at 31 December 2017	<u>4,600,004</u>	<u>2,600,972</u>	<u>26,482</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2016	35,001	115,000	4,554,666
Changes in equity			
Issue of share capital	-	-	4
Dividends	-	-	(100,000)
Total comprehensive income	-	-	598,891
Balance at 31 December 2016	<u>35,001</u>	<u>115,000</u>	<u>5,053,561</u>
Changes in equity			
Issue of share capital	-	-	4,600,000
Dividends	-	-	(2,900,699)
Total comprehensive income	-	(4,600,000)	(3,975,403)
Balance at 31 December 2017	<u>35,001</u>	<u>(4,485,000)</u>	<u>2,777,459</u>

Thames Honda Holdings Limited (Registered number: 10274011)

Company Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	4	-	4
Balance at 31 December 2016	<u>4</u>	<u>-</u>	<u>4</u>
Changes in equity			
Issue of share capital	4,600,000	-	4,600,000
Balance at 31 December 2017	<u>4,600,004</u>	<u>-</u>	<u>4,600,004</u>

The notes form part of these financial statements

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	27,164	1,778,054
Interest paid		(1,593)	(5,771)
Tax paid		(133,533)	(121,248)
Net cash from operating activities		(107,962)	1,651,035
Cash flows from investing activities			
Purchase of tangible fixed assets		(39,171)	(33,622)
Sale of tangible fixed assets		(338,570)	-
Net cash from investing activities		(377,741)	(33,622)
Cash flows from financing activities			
Loan repayments in year		-	(635,863)
Amount withdrawn by directors		-	(4)
Share issue		-	115,004
Equity dividends paid		-	(100,000)
Net cash from financing activities		-	(620,863)
(Decrease)/increase in cash and cash equivalents		(485,703)	996,550
Cash and cash equivalents at beginning of year	2	1,270,145	273,595
Cash and cash equivalents at end of year	2	784,442	1,270,145

The notes form part of these financial statements

**Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit before taxation	712,260	751,137
Depreciation charges	68,977	77,301
(Profit)/loss on disposal of fixed assets	(80,355)	6,798
Finance costs	1,593	5,771
	<u>702,475</u>	<u>841,007</u>
(Increase)/decrease in stocks	(840,553)	587,666
Increase in trade and other debtors	(291,924)	(31,163)
Increase in trade and other creditors	457,166	380,544
	<u>27,164</u>	<u>1,778,054</u>
Cash generated from operations	27,164	1,778,054

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>784,442</u>	<u>1,270,145</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>1,270,145</u>	<u>273,595</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2017

1. STATUTORY INFORMATION

Thames Honda Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is included on the Statement of Financial Position and the registered office address of the company is Ruislip Honda, Victoria Road, South Ruislip, Middlesex, HA4 0LJ.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal activity of the company during the year was that of a holding company.

The principal activity of the group during the year was the purchasing, selling and repairing of motor vehicles and other ancillary services.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the groups accounting policies (see below).

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

A group reconstruction was completed during 2017 and the resultant formation of Thames Honda Holdings Limited has been accounted for using merger accounting principles.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have been made by the directors in applying the company's accounting policies:

Consignment stock

Vehicles held on consignment have been included in 'vehicle stocks' within 'stocks' on the basis that the company has determined that it holds the significant risks and rewards attached to these vehicles.

Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass' and CAP valuation guides. The directors maintain oversight of ageing stock profiles and a monthly review of any provision required is performed.

Property, plant and equipment

Property, plant and equipment are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows.

Incentives and other rebates from brand partners

The group receives income in the form of various incentives which are determined by the brand partners. The amount received is generally based on achieving specific objectives such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Objectives are generally set and measured on either a quarterly or annual basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

The group may also receive contributions towards advertising, promotional and rent expenditure. Where such contributions are received they are recognised as a reduction in the related expenditure in the period to which they relate.

Turnover

Turnover from the sale of goods is recognised in the Consolidated Statement of Comprehensive Income, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is accounted for on a receivable basis.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	-	Not provided
Improvements to property	-	10% on cost
Plant and machinery	-	20% on cost
Fixtures and fittings	-	20% on cost
Motor vehicles	-	20% on cost
Computer equipment	-	20% - 100% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Although the Companies Act 2006 would normally require annual depreciation of fixed assets, the directors believes that the future residual open market value of the freehold property will be at least equal to the current value stated in the group accounts. Therefore although a depreciation policy could be adopted the actual charge would be £Nil.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

Consignment stock

Consignment vehicles which bear considerably more of the risks and responsibilities of ownership are regarded effectively as being under the control of the company and, in accordance with FRS 102 are included in stocks on the Statement of Financial Position, although legal title has not passed to the company. The corresponding liability is included in trade creditors and is secured directly on these vehicles.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the board meeting.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

Financial instruments

The fair values of the group's financial assets, cash and cash equivalents, and financial liabilities (which include liabilities in respect of consignment stock) are assumed to approximate to their book value. The group does not enter into derivative financial instruments.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2017	2016
	£	£
Sales of goods	31,209,037	31,294,005
Rendering of services	1,978,492	1,985,048
Commissions receivable	224,405	318,211
	<u>33,411,934</u>	<u>33,597,264</u>

All turnover arose within the United Kingdom.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

4. OTHER OPERATING INCOME

	2017	2016
	£	£
Sundry receipts	3,048	5,034
Commissions received	83,448	51,277
Other operating income	14,500	-
Management charge	35,076	-
	<u>136,072</u>	<u>56,311</u>

5. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	2,552,668	2,529,390
Social security costs	245,797	240,154
Other pension costs	33,339	66,425
	<u>2,831,804</u>	<u>2,835,969</u>

The average number of employees during the year was as follows:

	2017	2016
Vehicle sales	34	34
Service	39	36
Parts	5	6
Administration	23	25
	<u>101</u>	<u>101</u>

	2017	2016
	£	£
Directors' remuneration	<u>29,200</u>	<u>31,082</u>

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Other operating leases	463,017	385,341
Depreciation - owned assets	68,977	77,303
(Profit)/loss on disposal of fixed assets	(80,355)	6,798
Auditors' remuneration	13,136	13,896
Auditors' remuneration for non audit work	3,284	3,474
	<u></u>	<u></u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Other loan interest	41	1,621
Stocking loan interest	1,756	4,150
Other interest receivable	(204)	-
	<u>1,593</u>	<u>5,771</u>

The tax charge on the profit for the year was as follows:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

Tax effects relating to effects of other comprehensive income

A reduction in the corporation tax rate from 20% to 19% from 1 April 2019 and to 17% from 1 April 2020 was substantively enacted on 6 September 2016. Future tax liabilities will reduce accordingly.

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

10. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £1 each Interim	2,900,699	-
Ordinary C shares of £1 each Interim	-	100,000
	<u>2,900,699</u>	<u>100,000</u>

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST OR VALUATION			
At 1 January 2017	2,430,334	427,174	95,753
Additions	-	6,000	7,442
Disposals	(2,430,334)	(51,736)	-
At 31 December 2017	-	381,438	103,195
DEPRECIATION			
At 1 January 2017	-	186,393	79,883
Charge for year	-	37,712	8,111
Eliminated on disposal	-	(2,396)	-
Revaluation adjustments	-	-	-
At 31 December 2017	-	221,709	87,994
NET BOOK VALUE			
At 31 December 2017	-	159,729	15,201
At 31 December 2016	2,430,334	240,781	15,870

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 January 2017	112,790	2,900	103,641	3,172,592
Additions	8,611	11,818	5,300	39,171
Disposals	(7,331)	-	(1,020)	(2,490,421)
Revaluations	-	(1,020)	-	(1,020)
At 31 December 2017	114,070	13,698	107,921	720,322
DEPRECIATION				
At 1 January 2017	98,622	-	54,197	419,095
Charge for year	6,028	974	16,152	68,977
Eliminated on disposal	(5,232)	-	(1,019)	(8,647)
Revaluation adjustments	-	(580)	-	(580)
At 31 December 2017	99,418	394	69,330	478,845
NET BOOK VALUE				
At 31 December 2017	14,652	13,304	38,591	241,477
At 31 December 2016	14,168	2,900	49,444	2,753,497

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017**

11. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31 December 2017 is represented by:

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
Cost	381,438	103,195	114,070
	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2017	(1,020)	-	(1,020)
Cost	14,718	107,921	721,342
	13,698	107,921	720,322

12. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
Additions	4,600,000
At 31 December 2017	4,600,000
NET BOOK VALUE	
At 31 December 2017	4,600,000

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

Thames Honda Limited

Registered office: Ruislip Honda, Victoria Road, South Ruislip, Middlesex, HA4 0LJ

Nature of business: Motor dealer

	%
Class of shares:	holding
Ordinary	100.00

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

13. STOCKS

	Group	
	2017	2016
	£	£
Vehicle stocks	3,984,566	3,596,376
Part stocks	151,751	169,176
	4,136,317	3,765,552

Stock recognised in cost of sales during the year as an expense was £27,433,314 (2016: £27,457,456).

An impairment loss of £120,432 (2016: reversal of £21,752) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

All stock is pledged as security for the vehicle funding and bank facilities.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	751,221	516,460	-	-
Amounts owed from related undertakings	48,843	-	-	-
Directors' current accounts	4	4	4	4
Prepayments	268,892	260,476	-	-
	1,068,960	776,940	4	4

An impairment gain of £1,602 (2016 : loss of £14,801) was recognised against trade debtors.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2017	2016
	£	£
Trade creditors	2,851,033	2,785,476
Amounts owed to group undertakings	476	-
Tax	121,999	129,174
Social security and other taxes	60,413	58,218
VAT	175,052	206,842
Accruals	209,101	257,685
	3,418,074	3,437,395

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	461,500	356,500
Between one and five years	1,831,000	1,426,000
In more than five years	1,299,458	1,299,708
	3,591,958	3,082,208

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017**

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
Vehicle funding	<u>1,378,719</u>	<u>2,147,765</u>

The vehicle funding is secured over the vehicle stock to which it relates.

18. PROVISIONS FOR LIABILITIES

	Group	
	2017	2016
	£	£
Deferred tax	<u>35,663</u>	<u>75,178</u>

Group

	Deferred tax £
Balance at 1 January 2017	75,178
Accelerated capital allowances	(43,623)
Short term timing differences	<u>4,108</u>
Balance at 31 December 2017	<u>35,663</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
			£	£
4,600,004	Ordinary A Shares	£1	<u>4,600,004</u>	<u>4</u>

On 28 March 2017, there was a share for share exchange in order to transfer the shareholdings in Thames Honda Limited to the holding company as part of a group reconstruction.

20. RESERVES

Revaluation reserve

This reserve is used to record increases in the fair value of motor vehicles and decreases to the extent that such decreases relates to an increase on the same asset.

Capital redemption reserve

This reserve includes the nominal value of shares which have been redeemed by the company.

Retained earnings

This reserve includes all current and prior period retained profit and losses, less dividends paid.

Other reserve

This includes the adjustment to the carrying value of the business arising from the demerger.

21. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions during the year totalled £33,339 (2016: £66,425). At the reporting date an amount of £8,767 (2016: £30,000) was owed to the pension scheme.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Tangible fixed assets with a net book value of £2,560,030 were disposed of to Slgc Limited, a related company due to common directors, for a consideration via a dividend in specie totalling £2,580,699.

During the year, rent was paid to Slgc Limited amounting to £90,000 (2016: £Nil). Management charges amounting to £35,076 (2016: £Nil) were received from Slgc Limited.

At the year end Slgc Limited owed the group £48,843 (2016: £Nil).

The compensation paid or payable to key management in the year amounted to £54,002 (2016: £46,077).

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are the directors who own the share capital within the company equally.