REGISTERED NUMBER: 01743883 (England and Wales)

# Strategic Report, Report of the Directors and

# Financial Statements for the Year Ended 31 December 2017

# for

# Vindis Developments Limited




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

## Contents of the Financial Statements for the Year Ended 31 December 2017


| | Page |
|---|---|
| Company Information | 1 |
| Strategic Report | 2 |
| Report of the Directors | 4 |
| Report of the Independent Auditors | 6 |
| Statement of Comprehensive Income | 8 |
| Statement of Financial Position | 9 |
| Statement of Changes in Equity | 10 |
| Notes to the Financial Statements | 11 |

# Vindis Developments Limited

## Company Information
## for the Year Ended 31 December 2017

| | |
|---|---|
| **DIRECTORS:** | G F Vindis<br>J F Vindis |
| **SECRETARY:** | S G Fossey |
| **REGISTERED OFFICE:** | Vindis House<br>1 Washingley Road<br>Huntingdon<br>Cambridgeshire<br>PE29 6WP |
| **REGISTERED NUMBER:** | 01743883 (England and Wales) |
| **AUDITORS:** | ASE Audit LLP<br>Statutory Auditors & Chartered Accountants<br>Rowan Court<br>Concord Business Park<br>Manchester<br>Greater Manchester<br>M22 0RR |

## Strategic Report
## for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

**PRINCIPAL ACTIVITY**
The principal activity of the company in the year under review was that of the operation of motor dealerships involving the sale, maintenance and repair of motor vehicles and the supply of related accessories.

**REVIEW OF BUSINESS**
We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

The constituent parts of the company at the end of the year remained unchanged as follows:

| | |
|---|---|
| Franchised dealerships: | |
| Audi | 1 |
| VW aftersales facility | 1 |

At these locations, the company continued to deal in new and used motor vehicles and motorcycles, providing servicing and repairs and parts and accessories.

We consider that our major key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, operating profit and return on capital employed. We employ a significant number of other KPI measurements, both financial and non financial, in the day to day management of our businesses.

Despite challenging trading conditions we achieved all manufacturer targets however turnover and gross margins came under pressure and showed only marginal growth.

As a result overall profitability decreased by £0.7 million. The interest burden declined by £46,000 (17%). The continued strength of our brand portfolio and new product led growth will help to ensure the company is well placed to deal with the continuing economic challenges. During the year the company continued to benefit from low interest rates, and will continue to review all costs, overheads and stocking policies to ensure that appropriate action is taken to match resources to demand whilst endeavouring to avoid compromising the customer experience.

Turnover grew by just 1.7% to £45 million. There was an overall operating profit of £456,448 (1.0% of turnover) compared to £1,215,594 (2.7% of turnover) in 2016 with a profit before tax of £226,383 compared to a profit in 2016 of £939,765. After taxation a profit of £190,365 (2016: £831,150) has been transferred to reserves.

Return on Capital Employed has decreased to 5.7% (2016: 14.9%). Return on Capital Employed is calculated as profit before interest and tax divided by capital employed, which constitutes total assets less current liabilities, less investments, less cash, plus overdrafts and other short term borrowings.

The group's operations expose it to liquidity risk and interest rate risk. Given the size of the group, responsibility for monitoring financial risk management is in the hands of Board. The group's policy is to raise cash in advance of when it is required using whatever financial instruments can be negotiated with the providers of finance at that time.

The business environment in which we operate remains challenging despite continued low interest rates and continued excess capacity has created additional pressure on margins. As always, the UK car market is highly competitive but, notwithstanding this, we view the coming year with increased confidence as demand for our products and services improves.

## Strategic Report
## for the Year Ended 31 December 2017

### PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

### MANUFACTURERS SUPPLY OF NEW AND IMPROVED PRODUCTS
The company is reliant on new vehicle products from its franchise partners. This exposes the company to risks in a number of areas as the company is dependent on it's 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 manufacturer/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 company, including used vehicle sales, parts sales and service work.

### USED VEHICLE PRICES
Used vehicle price volatility can present a significant risk in the event that the market price moves rapidly between the point of purchase and the point of sale of a used vehicle. This leads to reduced margins and increased provisions on unsold stock. This risk is mitigated by a combination of regular monitoring of the used vehicle market by the group used car buyers, a focus on stock turn to reduce the length of time that used vehicles are held in stock, and regular review and re-pricing to ensure that vehicles are priced competitively in the market.

### GROUP 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 Vindis brand. The group undertakes a regular review of remuneration and packages to ensure that it attracts and retains the best people.

### 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 very likely, although used car volumes may increase.

### THE COMPETITIVE ENVIRONMENT
The overall competitive landscape in motor retail has changed as the Block Exemption legislation has been modified, opening the market to authorised repairers which could impact on the group market penetration and profitability. We are alert to this threat and work hard to provide a level and quality of customer service and experience which exceeds that of the independent operators and therefore encourages customer loyalty.

**ON BEHALF OF THE BOARD:**

G F Vindis - Director

Date: 12 June 2018

## Report of the Directors for the Year Ended 31 December 2017

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

### DIVIDENDS
No dividends will be distributed for the year ended 31 December 2017.

### FUTURE DEVELOPMENTS
Details of any future developments are noted within the Strategic Report.

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

G F Vindis
J F Vindis

### FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES
The company uses various financial instruments, other than derivatives, which include bank, financial institution and 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 company's operations. Their existence exposes the company to a number of financial risks.

The main risks arising from the company'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 company finances its operations through a mixture of bank and other external borrowings. The company'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 and are therefore subject to fair value interest rate risk.

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

The company'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 company'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.

### POST BALANCE SHEET EVENTS
There have been no events that have affected the company since the reporting date.

### EMPLOYEE INVOLVEMENT
During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

### DISABLED EMPLOYEES
The company gives full consideration to applications for employment from disabled persons where the requirement of the job can be adequately fulfilled by a person with disabilities. Where an existing employee becomes disabled, it is company policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

## Report of the Directors for the Year Ended 31 December 2017

### 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.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

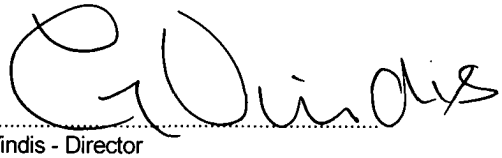
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company'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:**



G F Vindis - Director

Date: 12 June 2018

## Report of the Independent Auditors to the Members of Vindis Developments Limited

### Opinion

We have audited the financial statements of Vindis Developments Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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; 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 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.

### Other information

The directors are responsible for the other information. The other information comprises the information in the 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 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, 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 Statement of Directors' Responsibilities, 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 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.

**Our 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 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 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: 19/6/18

## Statement of Comprehensive Income for the Year Ended 31 December 2017

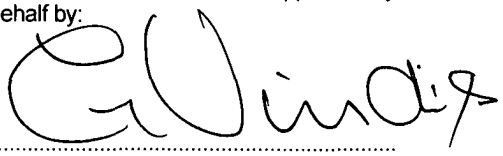
| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| **TURNOVER** | 3 | **45,075,433** | 44,319,970 |
| Cost of sales | | **40,840,775** | 40,152,314 |
| **GROSS PROFIT** | | **4,234,658** | 4,167,656 |
| Administrative expenses | | **3,848,210** | 3,045,394 |
| | | **386,448** | 1,122,262 |
| Other operating income | | **70,000** | 93,332 |
| **OPERATING PROFIT** | 5 | **456,448** | 1,215,594 |
| Interest payable and similar expenses | 6 | **230,065** | 275,829 |
| **PROFIT BEFORE TAXATION** | | **226,383** | 939,765 |
| Tax on profit | 7 | **36,018** | 108,615 |
| **PROFIT FOR THE FINANCIAL YEAR** | | **190,365** | 831,150 |
| **OTHER COMPREHENSIVE INCOME** | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **190,365** | 831,150 |

The notes form part of these financial statements

## Statement of Financial Position
## 31 December 2017

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 8 | **27,780** | 34,446 |
| Tangible assets | 9 | **7,856,839** | 7,018,583 |
| Investment property | 10 | **4,000,000** | 4,000,000 |
| | | **11,884,619** | 11,053,029 |
| **CURRENT ASSETS** | | | |
| Stocks | 11 | **6,872,147** | 5,773,759 |
| Debtors | 12 | **828,155** | 1,264,141 |
| Cash in hand | | **100** | 100 |
| | | **7,700,402** | 7,038,000 |
| **CREDITORS** | | | |
| Amounts falling due within one year | 13 | **(13,736,914)** | (12,134,250) |
| **NET CURRENT LIABILITIES** | | **(6,036,512)** | (5,096,250) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **5,848,107** | 5,956,779 |
| **CREDITORS** | | | |
| Amounts falling due after more than one year | 14 | **(1,617,340)** | (1,920,770) |
| **PROVISIONS FOR LIABILITIES** | 18 | **(85,865)** | (81,472) |
| **NET ASSETS** | | **4,144,902** | 3,954,537 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 19 | **25,000** | 25,000 |
| Retained earnings | 20 | **4,119,902** | 3,929,537 |
| **SHAREHOLDERS' FUNDS** | | **4,144,902** | 3,954,537 |

The financial statements were approved by the Board of Directors on 12 June 2018 and were signed on its behalf by:



.....
G F Vindis - Director

The notes form part of these financial statements

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

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---|---|---|---|
| **Balance at 1 January 2016** | 25,000 | 3,098,387 | 3,123,387 |
| **Changes in equity** | | | |
| Total comprehensive income | - | 831,150 | 831,150 |
| **Balance at 31 December 2016** | 25,000 | 3,929,537 | 3,954,537 |
| **Changes in equity** | | | |
| Total comprehensive income | - | 190,365 | 190,365 |
| **Balance at 31 December 2017** | 25,000 | 4,119,902 | 4,144,902 |

The notes form part of these financial statements

## 1. STATUTORY INFORMATION

Vindis Developments 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 Vindis House, 1 Washingley Road, Huntingdon, Cambridgeshire, PE29 6WP.

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

There is no single place of business. Details of the principal activity of the company is noted in the Strategic Report.

## 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 Company's accounting policies (see below).

**Going concern**
The company has net current liabilities at the year ended 31 December 2017 in the sum of £6,036,512 (2016: £5,096,250). The parent company, Vindis Group Limited, have indicated their willingness to continue to support the company for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

The following principal accounting policies have been applied:

**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 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 requirement 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, 11.45, 11.47, 11.48(a)(ion), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vindis Group Limited as at 31 December 2017 and these financial statements may be obtained from Companies House.



continued...

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 (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

**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 assets**
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.

**Investment properties**
Investment properties are professionally valued annually using a yield of methodology using market rental values capitalised at a market capitalisation rate, but there is an inevitable degree of judgment involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

**Goodwill**
Goodwill is tested at least annually for Impairment in accordance with the accounting policy set out below. The recoverable amount of cash generating units is determined based on value in use calculations. These impairment calculations require the use of estimates including projected future cash flows.

**Incentives and other rebates from brand partners**
The company receives income in the form of various incentives which are determined by our 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 company 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 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.

**Goodwill**
Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 15 years.


continued...

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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

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:

Depreciation is provided on the following bases:

| | | |
|---|---|---|
| Freehold land | - | Not depreciated |
| Freehold buildings | - | 2% straight line |
| Plant and machinery | - | 25% - 50% straight line |
| Motor vehicles | - | 2% straight line per month |
| Fixtures and fittings | - | 25% straight line |

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 within the Statement of Comprehensive Income.

**Investment property**
Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income statement.

**Stocks**
Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving stock.

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 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.

**Taxation**
Taxation for the year comprises current and deferred tax. Tax is recognised in the 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.



continued...

2. ACCOUNTING POLICIES - continued

**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.

**Operating leases: lessee**

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

**Pension costs and other post-retirement benefits**

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 payments obligations.

The contributions are recognised as an expense in the 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 company in independently administered funds.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, 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 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.

**Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

3. TURNOVER

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

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Sale of goods | **42,324,919** | 41,253,753 |
| Rendering of services | **2,426,522** | 2,552,942 |
| Commissions receivable | **323,992** | 513,275 |
| | **45,075,433** | 44,319,970 |

All turnover arose within the United Kingdom.



continued...

## 4. EMPLOYEES AND DIRECTORS

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 2,391,720 | 2,381,307 |
| Social security costs | 203,951 | 198,316 |
| Other pension costs | 12,749 | 11,591 |
| | 2,608,420 | 2,591,214 |

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

| | 2017 | 2016 |
|---|---|---|
| Employees | 87 | 80 |

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Directors' remuneration | - | - |

## 5. OPERATING PROFIT

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Other operating leases | 109,281 | 148,919 |
| Depreciation - owned assets | 184,087 | 115,297 |
| Loss on disposal of fixed assets | 286 | 148 |
| Goodwill amortisation | 6,666 | 6,667 |
| Auditors' remuneration | 8,107 | 10,230 |
| Auditors' remuneration for non audit work | 2,026 | 2,558 |
| Fair value adjustment | - | (729,338) |

## 6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Bank loan interest | 72,791 | 97,403 |
| Other loan interest payable | 5,506 | 5,132 |
| Other interest | - | 11,452 |
| Stocking loan interest | 151,768 | 158,570 |
| Interest on overdue tax | - | 3,272 |
| | 230,065 | 275,829 |

## 7. TAXATION

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 31,625 | - |
| Adjustment in respect of prior years | - | (121) |
| Total current tax | 31,625 | (121) |
| Deferred tax | 4,393 | 108,736 |
| Tax on profit | 36,018 | 108,615 |



continued...

7. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Profit before tax | **226,383** | 939,765 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19.247% (2016 - 20%) | **43,572** | 187,953 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **16** | - |
| Income not taxable for tax purposes | **-** | (145,868) |
| Adjustments to tax charge in respect of previous periods | **13,310** | (123) |
| Depreciation on non-qualifying assets | **17,036** | 8,396 |
| Group relief | **(13,024)** | (29,486) |
| Deferred tax on revalued properties | **(24,594)** | 87,507 |
| Difference in deferred tax rates | **(298)** | 236 |
| Total tax charge | **36,018** | 108,615 |

**Factors that may affect future tax charges**
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.

8. **INTANGIBLE FIXED ASSETS**

| | Goodwill |
|---|---|
| | £ |
| **COST** | |
| At 1 January 2017 and 31 December 2017 | **100,000** |
| **AMORTISATION** | |
| At 1 January 2017 | **65,554** |
| Amortisation for year | **6,666** |
| At 31 December 2017 | **72,220** |
| **NET BOOK VALUE** | |
| At 31 December 2017 | **27,780** |
| At 31 December 2016 | 34,446 |

Amortisation of goodwill is included in administrative expenses.



continued...

9. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1 January 2017 | **7,326,552** | **860,731** | **258,473** | **25,761** | **8,471,517** |
| Additions | **874,455** | **76,349** | **62,166** | **12,521** | **1,025,491** |
| Disposals | **-** | **-** | **-** | **(2,500)** | **(2,500)** |
| Reclassification/transfer | **(10,985)** | **-** | **-** | **-** | **(10,985)** |
| At 31 December 2017 | **8,190,022** | **937,080** | **320,639** | **35,782** | **9,483,523** |
| **DEPRECIATION** | | | | | |
| At 1 January 2017 | **448,205** | **787,830** | **199,149** | **17,750** | **1,452,934** |
| Charge for year | **96,487** | **50,041** | **31,829** | **5,730** | **184,087** |
| Eliminated on disposal | **-** | **-** | **-** | **(1,458)** | **(1,458)** |
| Reclassification/transfer | **(10,985)** | **526** | **1,580** | **-** | **(8,879)** |
| At 31 December 2017 | **533,707** | **838,397** | **232,558** | **22,022** | **1,626,684** |
| **NET BOOK VALUE** | | | | | |
| At 31 December 2017 | **7,656,315** | **98,683** | **88,081** | **13,760** | **7,856,839** |
| At 31 December 2016 | 6,878,347 | 72,901 | 59,324 | 8,011 | 7,018,583 |

Included in land and buildings is freehold land at cost of £847,610 (2016: £847,610) which is not depreciated.

Included in the cost of freehold property are cumulative finance costs incurred to date of £119,799 (2016: £119,799).

All fixed assets are pledged as security for the company bank loans and vehicle funding, together with the group bank overdraft facility.

10. INVESTMENT PROPERTY

| | Total £ |
|---|---|
| **FAIR VALUE** | |
| At 1 January 2017 and 31 December 2017 | **4,000,000** |
| **NET BOOK VALUE** | |
| At 31 December 2017 | **4,000,000** |
| At 31 December 2016 | 4,000,000 |

Fair value at 31 December 2017 is represented by:

| | £ |
|---|---|
| Valuation in 2016 | **4,000,000** |

If investment property had not been revalued it would have been included at the following historical cost:

| | 2017 £ | 2016 £ |
|---|---|---|
| Cost | **3,270,662** | 3,270,662 |

The last valuation was made by Savills, Chartered Surveyors, in 2016, on an open market value for an existing use basis.

The investment property is pledged as security for the company's bank loans and overdraft.



continued...

## 11. STOCKS

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Vehicle stocks | 6,743,639 | 5,626,666 |
| Parts stocks | 128,508 | 147,093 |
| | 6,872,147 | 5,773,759 |

Stock recognised in cost of sales during the year as an expense was £39,686,023 (2016: £38,961,320).

An impairment charge of £14,660 (2016: reversal of £56,526) was recognised against stock during the year.

All stock is pledged as security for vehicle funding and the bank loans and overdraft facility.

## 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Trade debtors | 375,769 | 559,950 |
| Amounts owed by group undertakings | - | 13,996 |
| Other debtors | 326,638 | 611,361 |
| VAT | - | 3,403 |
| Prepayments | 125,748 | 75,431 |
| | 828,155 | 1,264,141 |

An impairment reversal of £439 (2016: charge of £605) was recognised against trade debtors.

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Bank loans and overdrafts (see note 15) | 6,178,990 | 6,196,980 |
| Trade creditors | 6,888,741 | 5,598,663 |
| Amounts owed to group undertakings | 164,879 | 79,255 |
| Tax | 31,625 | 56,915 |
| Social security and other taxes | 56,773 | 52,571 |
| VAT | 294,846 | - |
| Accruals | 121,060 | 149,866 |
| | 13,736,914 | 12,134,250 |

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Bank loans (see note 15) | 1,617,340 | 1,920,770 |

## 15. LOANS

An analysis of the maturity of loans is given below:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 5,875,560 | 5,480,909 |
| Bank loans | 303,430 | 716,071 |
| | 6,178,990 | 6,196,980 |



continued...

15. **LOANS - continued**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Amounts falling due between one and two years: | | |
| Bank loans | **220,396** | 303,430 |
| Amounts falling due between two and five years: | | |
| Bank loans | **470,000** | 533,729 |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans | **926,944** | 1,083,611 |

One bank loan bears interest at a rate of 2.25% above LIBOR and is due to be repaid by January 2018.

The second bank loan also bears interest at a rate of 2.25% above LIBOR and is due to be repaid by October 2021.

The third bank loan bears interest at a rate of 2.4% above the Finance House Base Rate and is due to be repaid by November 2027.

16. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Within one year | **18,000** | - |
| Between one and five years | **64,000** | - |
| | **82,000** | - |

17. **SECURED DEBTS**

The following secured debts are included within creditors:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | **5,875,560** | 5,480,909 |
| Bank loans | **1,920,770** | 2,636,841 |
| Vehicle funding | **6,349,430** | 5,008,657 |
| | **14,145,760** | 13,126,407 |

The bank overdraft and loans are secured by a fixed charge over the property of the company together with a fixed and floating charge over all the assets of the company. In addition there is a multilateral guarantee given by other companies within the group.

The vehicle funding included within trade creditors is secured directly over the vehicles to which it relates.

18. **PROVISIONS FOR LIABILITIES**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Deferred tax | **85,865** | 81,472 |



continued...

## 18. PROVISIONS FOR LIABILITIES - continued

| | Deferred tax £ |
|---|---|
| Balance at 1 January 2017 | **81,472** |
| Accelerated capital allowances | **19,436** |
| Short term timing differences | **9,551** |
| CGT on revalued properties | **(24,594)** |
| Balance at 31 December 2017 | **85,865** |

## 19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2017 £ | 2016 £ |
|---|---|---|---|---|
| 1 | Ordinary | £1 | **25,000** | 25,000 |

## 20. RESERVES

**Retained earnings**
This reserve includes all current and prior period retained profits and losses. Retained earnings includes a surplus on the revaluation of investment property which has been included in the Statement of Comprehensive Income in accordance with FRS102 of £729,338. This amount is not distributable.

## 21. 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 cost charge represents contributions payable by the company to the fund and amounted to £12,749 (2016: £11,591). There were no contributions to the fund at the reporting date (2016: £Nil).

## 22. ULTIMATE PARENT COMPANY

Vindis Group Limited is regarded by the directors as being the company's ultimate parent company.

## 23. CONTINGENT LIABILITIES

HSBC Bank Plc hold an unlimited multi lateral guarantee over the assets of Vindis Group Limited, F Vindis & Sons (Bedford) Limited, F Vindis & Sons (Sawston) Limited, F Vindis & Sons (St Ives) Limited, F Vindis & Sons (Peterborough) Limited, Vindis Developments Limited and Vindis Trade Parts Limited. At the year end the contingent liability in respect of this guarantee was £1,438,716.

## 24. CAPITAL COMMITMENTS

| | 2017 £ | 2016 £ |
|---|---|---|
| Contracted but not provided for in the financial statements | **691,264** | 1,471,421 |

The company has a commitment at the reporting date to repurchase vehicles from CBS, at agreed values of £691,264 (2016: £562,639). The company expect the market value of the vehicles to be in excess of the repurchase commitment.

At the reporting date legal title had passed to CBS and the company does not have the risks and responsibilities of ownership.

At the prior reporting date the company had contracted for future capital expenditure, which was not provided in the financial statements, in the sum of £908,782.



continued...

## 25. 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.

Vindis Group Limited and its subsidiary undertakings are related parties by virtue of their common control.

The company has made sales of £856,788 (2016: £981,471) and purchases of £970,835 (2016: £1,114,996) with F Vindis & Sons (Sawston) Limited, a 75% owned subsidiary of Vindis Group Limited.

As at 31 December 2017, the company was owed £Nil (2016: £5,270) from F Vindis & Sons (Sawston) Limited. This figure is inclusive of sales ledger and purchase ledger balances.

The company has made sales of £124,797 (2016: £422,925) and purchases of £1,712,423 (2016: £2,137,228) with F Vindis & Sons (St Ives) Limited, a 75% owned subsidiary of Vindis Group Limited.

As at 31 December 2017, the company owed £52,484 (2016: £8,726 was owed by) to F Vindis & Sons (St Ives) Limited. This figure is inclusive of sales ledger and purchase ledger balances.

During the year the company was charged management charges in the amount of £244,996 (2016: £290,000) by Vindis Group Limited, the ultimate holding company.

During the year the company paid rent of £95,000 (2016: £132,836) to Vindis Group Limited and received rental income of £70,000 (2016: £93,333) from F. Vindis & Sons (St. Ives) Limited.

All the above transactions were made on normal commercial terms.

The directors consider themselves to be key management within the business together with a member of the senior management team.

Debtors and creditors due within one year include details of the amounts owed from and to other group entities.

## 26. ULTIMATE CONTROLLING PARTY

There is not considered to be an ultimate controlling party.