

Ford Retail Limited

Annual report

for the year ended 31 December 2014



Registered number: 00191596

Ford Retail Limited

Annual report and financial statements for the year ended 31 December 2014

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Ford Retail Limited

Directors and advisors

Directors

S Hood
S Mustoe
P MacNiven

Company secretary

Clive Charles Page

Registered office

2 Charter Court
Newcomen Way
Colchester Business Park
Colchester
Essex
CO4 9YA

Company number

00191596

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Ford Retail Limited

Strategic Report for the year ended 31 December 2014

The company is required to set out in this report a strategic review of the business of the company during the financial year ended 31 December 2014 and of the position of the company at the end of that financial year and a description of the principal risks and uncertainties facing the company (known as a 'Strategic review').

Review of results and financial review

Ford Retail Limited operates its core functions of retailing new cars, used cars, commercial vehicles, service (including repairs), bodyshop repairs and parts sales.

As a result of the continued focus on volume sales, the business has seen growth in retail, commercial and fleet vehicle sales.

Key Performance Indicators ("KPIs")

Some of the financial key performance indicators used by the company are noted below.

	2014	2013	
	£'000	£'000	
Turnover	£1,441,278	£1,286,244	Total vehicle unit sales increased by 8.4%, helped by improvements in all areas of the business. Particularly strong sales occurred in new retail car and commercial retail/fleet sales. Total commercial sales were up by over 2,000 units. The only business not to improve was heavy CV which undersold by 146 units compared to prior year.
Profit before tax	£7,208	£2,378	The 2013 year low profit was the result of full amortisation of purchased goodwill amounting to £2,378,000. Vehicle profit increased by £1,834,000.
Net current liabilities	£(6,575)	£(12,266)	The company's cashflow improved during the year resulting in an inflow of £15,464,000.
Market share	16.3%	18.8%	Decline in share of motability and fleet sales.

Global, political and economic conditions

Ford Retail Limited, as all car retailers, is subject to political and economic conditions in relation to the United Kingdom, as this is where its business is conducted, along with any changes imposed on the United Kingdom through its links to the European Commission. The company could encounter changes to the legal and regulatory requirements including those for taxation, environmental, operational and competitive matters. It is exposed to the effect of political risk, which can include sudden changes in regulations, expropriation of assets, imposition of trade barriers and wage controls and volatility of prices and taxes. The company is exposed to possible natural catastrophe risk, for example through major earthquake or flood, and possible terrorist action. Management monitor such risks, maintaining adequate insurance cover and amending business procedures as appropriate to mitigate any exposure while remaining in compliance with local and group requirements.

Principal risks and uncertainties

Ford Retail Limited benefits from close commercial relationships with a number of key customers and suppliers. The loss of any of these key customers or suppliers, or a significant worsening in commercial terms could have a material impact on the company's results.

Ford Retail Limited devotes significant resources to supporting these relationships to ensure that they continue to operate satisfactorily. The company undertakes surveys of customer satisfaction from a majority of its customers, which are reviewed by the board.

Ford Retail Limited

Strategic Report for the year ended 31 December 2014 (continued)

Environment

At Ford Retail we recognise that our operation can have a negative impact on the environment, specifically finite resources. The company continues to commit to provide the best possible environment for its employees and encourage them to think of new ways to helping the environment in accordance with the long term business plan.

We actively seek to reduce our impact on the environment by making changes to our behaviour and installing more efficient technology. Key projects and initiatives for 2014/2015 to support our sustainable growth include:

- The waste hierarchy process being phased into departmental processes with a view to reducing paperwork.
- Showrooms and workshops are undergoing energy efficient LED/induction lighting upgrades.
- A selected number of sites are undergoing HVAC upgrades and installation of photovoltaic solar panels providing renewable energy.
- An energy management system is currently being implemented which will allow an accurate measurement of daily gas and electricity usage for each site. Therefore reductions achieved from any future initiative and projects can be quantified in kW/CO2/£ on a daily basis. Efforts will now go into eliminating wastage caused by human behaviour by promoting an energy efficient culture.

As a result of Ford Motor Company's commitment to the environment the company sells vehicles with leading technological advances in vehicle efficiency. EConetic technology provides features such as Automatic Start/Stop, Smart Regenerative Charging, Active Grille Shutters, EComode and other fuel saving ideas. Ford offers one of the broadest low CO2 vehicle portfolios in Europe.

The company undertook a rebranding exercise in June 2014 where it renamed dealerships to TrustFord. The project was a huge success and will now allow us to promote our main aim of providing customers with an excellent service and retain their custom.

This report was approved by the board of directors, and signed on their behalf.



S Mustoe

Director

10 June 2015

Ford Retail Limited

Directors' report for the year ended 31 December 2014

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2014.

Registered number

00191596

Principal activities and future developments

The principal activity of the company during the year was the retailing of motor vehicles and related activities in the motor trade.

The company is to continue investing in training all staff for the purpose of meeting its long term goal of growth by providing excellent customer service.

The financial risk management policy of the company is shown below.

Results and dividends

The results for the year are set out in the profit and loss account on page 9.

During the year the company paid interim dividends of £nil (2013: £ nil) and the directors recommend the payment of a final dividend of £299,000 (2013: £5,418,000).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

S Kerr (resigned 19 December 2014)

S Hood (appointed 27 January 2015)

S Mustoe

P MacNiven

Land and buildings

In the opinion of the directors the present market value of the company's properties is in excess of its net book value, but in the absence of a recent valuation, the excess is not quantified.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible be identical to that of a person who does not suffer from a disability.

Consultation is undertaken on a regular basis with employees, so that their views can be taken into account in making decisions affecting their interests through the use of appraisals and that all employees are aware of the financial and economic performance of their business units and of the company as a whole by holding quarterly cascade meetings chaired by senior management. The company encourages the involvement of employees in business performance by providing incentives such as discounts on vehicle purchases and other product and service discounts.

Ford Retail Limited

Directors' report for the year ended 31 December 2014 (continued)

Political donations

No political donations were made in the year (2013: £nil).

Financial risk management

Competitor risk

The company operates in highly competitive markets. Significant product innovations, technical advances or the intensification of price competition could all adversely affect the company's results. Ford Retail Limited invests in significant training for its staff in order to ensure that the company is well placed within each community it operates, that the customer has the choice, is aware of their options and as a result of provision of our service, is satisfied. The company also continually works to streamline its cost base to ensure that it remains competitive. The directors realise the importance of excellent customer service to remain ahead of competition and the business has been rewarded for its efforts in providing a high level of training in this area under the 'Moments of Truth' initiative.

Credit risk

The company has well established policies and procedures that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counter party is subject to a limit, which is reassessed annually by the management of the company.

Liquidity risk

Effective management of cash and working capital is a key ongoing priority. The company has an inter-company facility in place that is sufficient to ensure available funds for its operations.

Price risk

The company is exposed to commodity price risk as a result of its operations. The company mitigates this risk by constant management of stock levels and by keeping lines of communication with related parties open throughout the year.

Interest rate risk

Profits are exposed to erosion due to the relative risk of interest rate rises, particularly on stocking charges. These risks are managed by regular discussions with our suppliers and financiers.

Ford Retail Limited

Directors' report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors indemnity

Directors indemnity insurance is arranged by related parties in the same group of companies.

Statement of disclosure of information to auditors

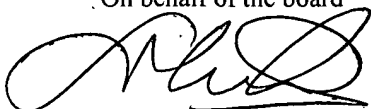
In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) he 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.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



S Mustoe

Director

10 June 2015

Independent auditors' report to the members of Ford Retail Limited

Report on the financial statements

Our opinion

In our opinion, Ford Retail Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

Ford Retail Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Ford Retail Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
17 June 2015.

Ford Retail Limited

Profit and loss account for the year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Turnover		1,441,278	1,286,244
Cost of sales		(1,312,007)	(1,170,431)
Gross profit		129,271	115,813
Distribution costs		(86,476)	(78,880)
Administrative expenses		(54,534)	(54,489)
Other operating income		21,150	22,211
Operating profit	2	9,411	4,655
Interest receivable and similar income	5	32	4
Interest payable and similar charges	5	(2,235)	(2,281)
Profit on ordinary activities before taxation		7,208	2,378
Tax on profit on ordinary activities	6	(617)	(1,780)
Profit for the financial year	15	6,591	598

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

All results derive from continuing operations. There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

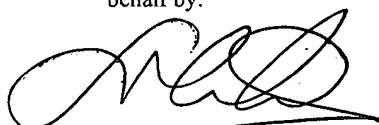
The notes on pages 11 to 26 form part of these financial statements.

Ford Retail Limited

Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	7	41,447	41,099
Investments	8	9,068	9,068
		50,515	50,167
Current assets			
Stocks	9	342,807	280,456
Debtors	10	64,904	76,667
Cash at bank and in hand		1,356	6
		409,067	357,129
Creditors: amounts falling due within one year	11	(415,642)	(369,395)
Net current liabilities		(6,575)	(12,266)
Total assets less current liabilities		43,940	37,901
Provisions for liabilities and charges	12	(268)	(521)
Net assets		43,672	37,380
Capital and reserves			
Called up share capital	14	2,453	2,453
Other reserves	15	10,361	10,361
Profit and loss account	15	30,858	24,566
Total shareholders' funds	16	43,672	37,380

The financial statements on pages 9 to 26 were approved by the board of directors on 10 June 2015 and were signed on its behalf by:



S Mustoe
Director

The notes on pages 11 to 26 form part of these financial statements.

Company number: 00191596

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been consistently applied are set out below.

Going concern

The directors consider the company has adequate resources to continue in operational existence for the foreseeable future and there are no scenarios which might cause doubt about our ability to continue as a going concern for the next year and so we have prepared the financial statements on that basis.

Basis of accounting

The company is a 100% owned subsidiary of Ford Retail Group Limited. The company has taken advantage of the exemption conferred by Financial Reporting Standard Number 1 ("FRS 1- Revised 1996") "Cash Flow Statements" not to present a cash flow statement. The exemption is available where a company is more than 90% owned by another company whose financial statements are publicly available. The company has taken advantage of the exemption conferred by Financial Reporting Standard Number 8 ("FRS 8") "Related Party Disclosures" not to disclose transactions with Ford Motor Company (USA), and its subsidiary undertakings.

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of Section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group (see the directors' report). The group's results are consolidated into the financial statements of Ford Motor Company (USA).

Turnover

Turnover comprises sales of motor vehicles and parts and income from servicing, repairing and hiring of vehicles. Value added tax is excluded.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to customers and revenue from the rendering of services is recognised when services are performed, provided that the amount can be measured reliably. All turnover is derived in the United Kingdom.

Other operating income

Other operating income represents commission received in respect of the sale of finance and insurance agreements and is recognised on the date of the sale.

Estimation techniques

The significant estimation techniques used by the company are depreciation over the useful life of the tangible fixed assets, provisions for lease exit costs and provisions for leasehold dilapidations. These are detailed in the accounting policies notes below.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on tangible fixed assets to write off cost or valuation in equal annual instalments over their expected useful lives as follows:

Freehold buildings	4% per annum
Leasehold properties	over term of lease
Plant and machinery	10% - 33% per annum
Fixtures and fittings	10% - 20% per annum

Assets under construction are depreciated on completion of the project.

No depreciation is provided on freehold land as it is deemed to have an indefinite life.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Principal accounting policies (continued)

Impairment

In accordance with Financial Reporting Standard 11 “Impairment of Fixed Assets and Goodwill”, the group performs impairment reviews using the forecast net future profits of the businesses affected, discounted to net present value using the group’s estimated cost of capital. Any impairment provision is offset directly against the underlying assets of the business deemed to have suffered the impairment.

Investments

Investments are recorded at cost less provision for impairment in value.

Stocks

Stocks are valued at the lower of cost (or weighted average cost) and net realisable value. Cost is arrived at as follows:

Raw materials, consumables and goods for resale: purchase cost (or weighted average cost).

Work in progress and finished goods: cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Interest for repurchase agreements are calculated by applying a future CAP value.

Certain vehicle stocks are financed by a sale and repurchase arrangement. Vehicle stocks purchased by the company are immediately financed by FCE BANK PLC. The arrangement can be terminated without notice at any time by either party.

Whilst this stock has been financed by FCE BANK PLC, it is retained on the balance sheet in accordance with Financial Reporting Standard 5 (“FRS 5”) “Reporting the Substance of Transactions” as the substance of the transaction is that of a secured loan.

Used cars are revalued to CAP value after a period of 60 days and commercial vehicles after a period of 90 days.

All new vehicle stock is held in third party compounds managed by Ford Motor Company Limited in the same manner as for other Ford dealer groups. This inventory is recognised as the company’s inventory on it’s balance sheet as a result of risks and rewards of ownership falling on the company.

Prepayments and accrued income

Expenses are prepaid and income accrued only when there is virtual certainty (more probable than not) that the transfer of economic benefits will arise in the future and the value may be reasonably determined.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Operating leases

Rentals payable in respect of operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Provisions and estimation techniques

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Lease exit costs

Provisions are held for lease exit costs relating to commitments that are expected to arise on leases where the respective properties are no longer used within the business.

Leasehold dilapidations

Provision is made for the estimated dilapidation costs where payable on leases.

Estimated future costs have not been discounted because the underlying costs are not considered material.

Deferred income

Income is deferred where it is received in advance of the date of delivery of the product sold.

Dividend policy

Company policy is to distribute 50% of the previous year's statutory profit after tax as dividend.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

2 Operating profit

All turnover, operating profit and net assets are derived from retail and commercial motor trade activities transacted from dealerships wholly within the United Kingdom (including Northern Ireland).

	2014	2013
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 7)	3,180	3,060
Loss on sale of plant and machinery	147	121
Auditors' remuneration		
- audit services	290	306
Operating lease rentals		
- plant and machinery	1,539	1,355
- land and buildings	8,851	8,335

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

3 Employees

The monthly average number of people employed by the company including directors within each category of persons was:

	2014	2013
	Number	Number
Sales staff	870	769
After-sales staff	1,607	1,486
Administration staff	597	558
	3,074	2,813

The costs incurred in respect of these employees were:

	2014	2013
	£'000	£'000
Wages and salaries	87,812	82,148
Social security costs	8,727	7,649
Other pension costs (note 19)	1,791	1,391
Staff costs	98,330	91,188

4 Directors' emoluments

	2014	2013
	£'000	£'000
Aggregate emoluments	442	559

Retirement benefits are accruing to 2 (2013: 2) of the directors under defined benefit schemes. In addition to the above £364,000 was paid to a director for compensation for loss of office (2013: £nil). This charge was borne by the UK group company Ford Motor Company Limited.

Highest paid director

	2014	2013
	£'000	£'000
Aggregate emoluments	296	348

During the year, 2 directors (2013: 2 directors) were employees of a related company. None of these directors (2013: No director) received remuneration during the year for services as a director of the company.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Net interest payable

	2014	2013
	£'000	£'000
Interest payable and similar charges:		
Bank loans and overdrafts	16	-
Interest payable to group undertakings	458	249
Interest charged on loan stock holdings	1,757	2,032
Other interest	4	-
Total interest payable	2,235	2,281
Interest receivable and similar income:		
Bank interest	(22)	(4)
Interest receivable from group undertakings	(10)	-
Total interest receivable	(32)	(4)
Net interest payable	2,203	2,277

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Tax on profit on ordinary activities

a) Analysis of tax in the year

	2014	2013
	£'000	£'000
Current tax:		
Group relief charges - current year	950	1,781
Adjustment in respect of prior years	(433)	(27)
Total current tax	517	1,754
Deferred tax:		
Origination and reversal of timing differences	89	5
Adjustment in respect of previous years	11	-
Effect of tax rate change on opening balance	-	21
Total deferred tax	100	26
Tax on profit on ordinary activities	617	1,780

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Tax on profit on ordinary activities (continued)

b) Factors affecting tax for the year

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK 21.49% (2013: 23.25%). The differences are explained below:

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation	7,208	2,378
Profit before tax multiplied by the standard effective rate of tax in the UK of 21.49% (2013: 23.25%)	1,549	553
Effects of:		
Expenses not deductible for tax purposes	29	596
Other timing differences	297	883
Capital allowances in excess of depreciation	(59)	(141)
Other tax adjustments, reliefs and transfers	(866)	(110)
Adjustment in respect of prior years	(433)	(27)
Current tax charge for the year	517	1,754

c) Factors that may affect future tax charges

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax system have been announced. Reduction in the UK corporation tax rate to 21% (effective 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly. The deferred tax asset/liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The impact of these changes is not considered to be material to the future tax charge.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Tangible assets

	Land and buildings						
	Freehold	Long leasehold	Short leasehold	Assets under construction	Fixtures and fittings	Plant and machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2014	31,291	656	14,999	261	11,580	7,825	66,612
Additions	391	-	244	1,085	1,464	1,101	4,285
Reclassification	-	-	-	-	(2,967)	2,967	-
Disposals	(37)	-	(1,472)	-	(507)	(1,035)	(3,051)
At 31 December 2014	31,645	656	13,771	1,346	9,570	10,858	67,846
Accumulated depreciation							
At 1 January 2014	7,286	262	5,130	-	7,312	5,523	25,513
Provided for the year	728	26	847	-	720	859	3,180
Reclassification	-	-	-	-	(2,342)	2,342	-
Disposals	(10)	-	(855)	-	(394)	(1,035)	(2,294)
At 31 December 2014	8,004	288	5,122	-	5,296	7,689	26,399
Net book amount							
At 31 December 2014	23,641	368	8,649	1,346	4,274	3,169	41,447
At 31 December 2013	24,005	394	9,869	261	4,268	2,302	41,099

No provision is made for tax on capital gains that might arise on disposal of properties at their balance sheet amounts because no tax liability in respect of such disposals is expected in the foreseeable future.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Investments

	Subsidiary undertakings £'000
Cost	
At 1 January and 31 December 2014	11,003
Provision for impairment	
At 1 January and 31 December 2014	(1,935)
Net book amount	
At 31 December 2014	9,068
At 31 December 2013	9,068

The directors believe that the carrying value of the investments is supported by their underlying net assets.

9 Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	515	487
Work in progress	614	442
Finished goods:		
- Vehicles	325,711	263,409
- Parts	15,967	16,118
	342,807	280,456

All new and demonstrator stocks purchased by the company are immediately financed by FCE BANK PLC and are repurchased by the company at the earlier of: the sale to a third party and 120 days from the original sale. New vehicle stock is held in third party compounds and managed by Ford Motor Company Limited in the same manner as for other Ford dealer groups. This inventory is recognised as the company's inventory on its balance sheet as a result of all risks and rewards of ownership falling on the company.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Debtors

	2014	2013
	£'000	£'000
Trade debtors	26,316	28,774
Amounts owed by group undertakings	12,249	18,385
Deferred tax asset (note 13)	83	183
Other debtors	21,328	24,765
Prepayments and accrued income	4,928	4,560
	64,904	76,667

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Bank loans and overdrafts	-	14,114
Trade creditors	17,445	29,823
Amounts owed to group undertakings	374,148	303,465
Other creditors	59	57
Taxation and social security	1,275	1,055
Accruals and deferred income	22,715	20,881
	415,642	369,395

New and demonstrator Ford vehicle stocks purchased by the company are immediately financed by FCE BANK PLC.

All bank accounts for the Ford Retail Group are part of a pooling arrangement whereby the balances are aggregated to form one group balance for the purpose of charging/crediting interest.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Provisions for liabilities

	At 1 January 2014	Utilised/added during the year	At 31 December 2014
	£'000	£'000	£'000
Onerous leases	72	(72)	-
Leasehold dilapidations	449	(181)	268
	521	(253)	268

Provisions are held for lease exit costs relating to commitments that are expected to arise on leases where the respective properties are no longer used within the business. The lease exit costs relate to properties with lease expiry dates of 2015 and 2016.

The leasehold dilapidations provision has been established to provide for future dilapidation liabilities on certain leasehold properties. The provision was calculated following advice from the internal property manager, a qualified surveyor. It is anticipated that the provision will be utilised over the remaining unexpired lease terms. The majority of these leases expire within five years.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

13 Deferred tax asset

Provided

	2014	2013
	£'000	£'000
Deferred tax asset comprises:		
Other short-term timing differences	(141)	8
Capital allowances	58	(191)
	(83)	(183)
Movements in the year are as follows:		
	2014	2013
	£'000	£'000
At 1 January	(183)	(165)
Effect of rate change on opening balance	-	21
Prior year adjustment	10	-
Other short-term timing differences	35	(160)
Accelerated capital allowances	55	121
At 31 December	(83)	(183)

There is an unrecognised deferred tax liability, not included in the above of £816,000 (2013: £816,000) in respect of capital gains rolled over which would only crystallise when properties are actually sold.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

14 Called up share capital

	2014	2013
	£'000	£'000
<hr/>		
Allotted and fully paid:		
2,453,000 (2013: 2,453,000) ordinary shares of £1 each	2,453	2,453

15 Reserves

	Profit and loss account	Other reserves	Total
	£'000	£'000	£'000
At 1 January 2014	24,566	10,361	34,927
Profit for the financial year	6,591	-	6,591
Dividend payable	(299)	-	(299)
At 31 December 2014	30,858	10,361	41,219

Other reserves represent the additional capital contribution made by the parent company, Ford Retail Group Limited, created upon the gift of 100% shares in Lindsay Cars Limited on 10 October 2012.

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

16 Reconciliation of movements in shareholders' funds

	2014	2013
	£'000	£'000
Profit for the financial year	6,591	598
Dividends payable	(299)	(5,418)
Net increase/(decrease) in shareholders' funds	6,292	(4,820)
Opening shareholders' funds	37,380	42,200
Closing shareholders' funds	43,672	37,380

17 Financial commitments

Operating leases

At 31 December, the company had annual commitments under non-cancellable operating leases, as set out below-

	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Expiring within 1 year	1,425	558	977	36
Expiring in the second to fifth years inclusive	2,349	60	2,249	340
Expiring in over five years	4,733	-	5,133	-
	8,507	618	8,359	376

18 Equity dividends

	2014	2013
	£'000	£'000
Ordinary shares		
0.122p (2013: 2.209p) per £1 share	299	5,418

Ford Retail Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

19 Pension schemes

Ford Retail Stakeholder Pension Plan

This scheme is held by the company and provides pensions, which depend on contributions made by both employer and employee, and future growth of the funds. A fund is allocated to each individual member of the pension plan and administered by Legal & General.

During the year, the company contributed £1,791,000 (2013: £1,391,000) to this scheme.

Contributions totalling £297,000 (2013: £289,000) were outstanding at the balance sheet date and are included in creditors.

Cosworth Pension Plan- Retail section

This scheme is held by Blue Oval Holdings Limited, a parent undertaking which currently holds the members that were part of the company's defined benefit schemes until Dec 2012.

20 Contingent liabilities

The bank loans and overdrafts of the company are secured by joint and several guarantees by group companies.

Any future deficit in the Cosworth Pension Plan- "Retail section" is to be made good by Blue Oval Holdings Limited, a parent undertaking. If it is unable to, that obligation will fall on the company. The directors consider the possibility of this occurring is remote. The surplus in the scheme at 31 December 2014 was £9,949,000 (2013: £3,300,000).

21 Capital and other commitments

	2014	2013
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	972	-

22 Immediate and ultimate parent undertaking

The immediate parent undertaking is Ford Retail Group Limited, a company registered in the United Kingdom.

The ultimate parent undertaking and controlling party is Ford Motor Company (USA), which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Ford Motor Company (USA) consolidated financial statements can be obtained from Ford Motor Company, One American Road, Dearborn, Michigan 48126, USA.

23 Related party transactions

As a wholly owned subsidiary of Ford Retail Group Limited, the company is exempt from the requirement of Financial Reporting Standard 8 "FRS 8" "Related party disclosures" to disclose transactions with Ford Motor Company (USA) and its subsidiary undertakings. There are no other related party transactions.