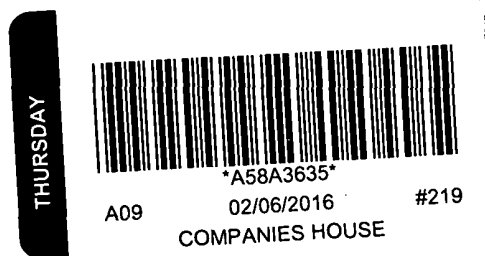


**S.G. Smith (Motors) Limited**  
Report and Financial Statements

For the year ended 31 December 2015

Company Number 00287379



**S.G. Smith (Motors) Limited**  
**Report and financial statements**  
for the year ended 31 December 2015

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**S.G. Smith (Motors) Limited**  
**Officers and professional advisers**  
for the year ended 31 December 2015

**The Board of Directors**

D. Gupta (appointed 16 November 2015)  
M. Raban (appointed 16 November 2015)  
P.R.D. Smith (resigned 16 November 2015)  
R.C.D Smith (resigned 16 November 2015)  
M.J. Wilson (resigned 16 November 2015)

**Company Secretary**

S.R. Jones (appointed 16 November 2015)  
M.J. Wilson (resigned 16 November 2015)

**Registered Office**

Airport House  
The Airport  
Newmarket Road  
Cambridge  
CB5 8RY

**Auditor**

Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

**Bankers**

Barclays Bank PLC  
9-11 St. Andrew's Street  
Cambridge  
CB2 3AA

**Solicitors**

Dentons UKMEA LLP  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1FE

# **S.G. Smith (Motors) Limited**

## **Directors' report**

**for the year ended 31 December 2015**

### **Directors**

The directors of the company throughout the year were:

D. Gupta (appointed 16 November 2015)  
M. Raban (appointed 16 November 2015)  
P.R.D. Smith (resigned 16 November 2015)  
R.C.D. Smith (resigned 16 November 2015)  
M.J. Wilson (resigned 16 November 2015)

### **Principal activities**

The activities of the Company continue to consist of the holding and letting of properties for use by other members of the group and third parties.

### **Results and dividends**

On 16 November 2015, S.G. Smith Holdings Limited (the parent company of S.G. Smith (Motors) Limited) was acquired by Marshall Motor Holdings plc.

The profit for the year, after tax, amounted to £24,000 (2014: £5,000 loss). During the year the directors paid an ordinary dividend of £525.00 per ordinary share amounting to £1,575,000 (2014: £nil).

### **Auditors**

In so far as each of the persons who were Directors at the date of approving these financial statements is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that.

Following the resignation of Kingston Smith LLP, Ernst & Young LLP were appointed as auditors of the company and in accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting of Marshall Motor Holdings plc (parent company of S.G. Smith (Motors) Limited) for their reappointment.

### **Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### **Events since the balance sheet date**

There are no material post balance sheet events that have been identified.

### **Future developments**

The Company is owned by Marshall Motor Holdings plc ("the Group").

The Group's strategic vision is to be regarded as the UK's premiere automotive retail and leasing group. The Group will continue to focus on achieving this goal through:

- the performance optimisation of the business
- offering outstanding customer service
- demonstrating retailing excellence
- building strong relations with our brand partners and key suppliers, and
- by being a great place to work.

# **S.G. Smith (Motors) Limited**

## **Directors' report *(continued)***

**for the year ended 31 December 2015**

### **Employment of disabled persons**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

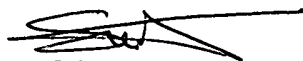
Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim

### **Employee involvement**

Regular meetings are held throughout the year between local management and employees to allow a free flow of information and ideas. Employees are also engaged through the global email network and subsequent to the acquisition have received the newsletter 'Marshall Matters' that keeps them informed on developments throughout the business.

### **Approval**

This Directors' Report was approved by order of the board on 22 April 2016.



**S.R. Jones  
Company Secretary**

# **S.G. Smith (Motors) Limited**

## **Statement of directors' responsibilities**

**For the year ended 31 December 2015**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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 its profit or loss for that year.

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.

# **S.G. Smith (Motors) Limited**

## **Independent auditors' report**

**for the year ended 31 December 2015**

We have audited the financial statements of S.G. Smith (Motors) Limited for the year ended 31 December 2015 which comprise the Income Statement, Statement of Financial Position, Statement of Change in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 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.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' responsibilities on page 5, 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). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the Report and Financial Statements 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.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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 or 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.



Bob Forsyth (Senior Statutory Auditor)  
For and on behalf of  
Ernst & Young LLP  
Cambridge

2016

**S.G. Smith (Motors) Limited**  
**Income statement**  
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Turnover</b>	4	82	275
Cost of sales		-	(6)
<b>Gross profit</b>		82	269
Administrative expenses		(43)	(219)
Other operating income		5	5
<b>Operating profit</b>		44	55
Interest payable and similar charges	7	(12)	(55)
<b>Profit on ordinary activities before taxation</b>	5	32	-
Tax on profit on ordinary activities	8	(8)	(5)
<b>Profit/(loss) for the financial year</b>		<b>24</b>	<b>(5)</b>

The Company has no recognised gains or losses other than the profit for the year as set out above.

All of the activities of the Company are classed as continuing.

The notes on pages 10 to 15 form part of these financial statements.



**S.G. Smith (Motors) Limited**  
**Statement of financial position**  
as at 31 December 2015

	Note	£'000	2015 £'000	£'000	2014 £'000
<b>Fixed assets</b>					
Tangible assets	10		-		1,580
<b>Current assets</b>					
Debtors	11	66		134	
<b>Creditors: Amounts falling due within one year</b>	12	(9)		(106)	
<b>Net current assets</b>			57		28
<b>Total assets less current liabilities</b>			57		1,608
<b>Net assets</b>			57		1,608
<b>Capital and reserves</b>					
Called-up equity share capital	14		3		3
Non-distributable reserve			-		629
Profit and loss account			54		976
<b>Shareholders' funds</b>			57		1,608

The financial statements were approved by the Board of Directors and authorised for issue on 22 April 2016.

*M. D. Raban*

M.D. Raban  
Director

Company Number: 00287379

# S.G. Smith (Motors) Limited

## Statement of changes in equity for the year ended 31 December 2015

	Note	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>At 1 January 2014</b>		3	629	981	1,613
Loss for the financial year		-	-	(5)	(5)
Other comprehensive income		-	-	-	-
<b>Total comprehensive expense for the year</b>		-	-	(5)	(5)
<b>At 31 December 2014</b>		3	629	976	1,608
Profit for the financial year		-	-	24	24
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	24	24
Equity dividends paid	9	-	-	(1,575)	(1,575)
Reserves transfer on sale of revalued property		-	(629)	629	-
<b>At 31 December 2015</b>		3	-	54	57

# **S.G. Smith (Motors) Limited**

## **Notes to the financial statements**

**for the year ended 31 December 2015**

### **1. Basis of preparation & statement of compliance**

S.G. Smith (Motors) Limited (company number: 00287379) is a limited liability company incorporated in England. The registered office is Airport House, The Airport, Newmarket Road, Cambridge, CB5 8RY. The financial statements have been prepared in compliance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 16.

The financial statements of S.G. Smith (Motors) Limited were authorised for issue by the Board of Directors on 22 April 2016.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The company accounts have also adopted the following disclosure exemptions:

- presentation of a cash-flow statement and related notes
- financial instrument-related disclosures
- key management personnel compensation disclosures

These exemptions have been applied as the Company is a qualifying entity and the shareholders of the Company have been notified in writing and no objection has been made to the use of the exemptions. The name of the parent company where S.G. Smith (Motors) Limited is consolidated is Marshall Motor Holdings plc and copies of the group financial statements are available from Airport House, The Airport, Newmarket Road, Cambridge, CB5 8RY.

#### **Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### **2. Accounting policies**

#### **Turnover**

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding value added tax. Turnover is derived from the Company's principal activity, namely rental income from property. It is recognised on a straight line basis over the period of the lease, includes sales to other group companies but excludes value added tax.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. 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. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Estimated residual values are included in the calculation of depreciation. The useful lives applicable are:

Freehold land and buildings	- 50 years
Plant and machinery	- 3-10 years

# **S.G. Smith (Motors) Limited**

## **Notes to the financial statements**

for the year ended 31 December 2015

### **Accounting policies *(continued)***

#### **Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss account for the year.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account for the year.

#### **Debtors**

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

#### **Creditors**

Short term trade 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.

#### **Leasing – as lessee**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

#### **Leasing – as lessor**

A lease that does not transfer substantially all the risks and rewards of ownership are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease. Costs incurred are recognised in line with the normal depreciation policy for similar assets.

#### **Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated without discounting using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

# S.G. Smith (Motors) Limited

## Notes to the financial statements

for the year ended 31 December 2015

### Accounting policies (continued)

#### Pensions

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

The contributions are recognised as an expense in the Income statement 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 an independently administered fund.

### 3. Significant judgements and estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

#### Estimated useful life of property, plant and equipment and impairment testing

The Company estimates the useful life and residual values of property, plant and equipment and reviews these estimates at each financial year end. The Company also tests for impairment when a trigger event occurs or annually as appropriate.

#### Operating lease commitments

The Company obtains use of property, plant and equipment through operating leases. The classification of such leases as operating or finance leases requires the Company to determine, based on the evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset or liability to be recognised on the statement of financial position.

### 4. Turnover

Turnover represents the value of goods and services supplied by the Company, net of value added tax and trade discounts. All turnover is earned within the United Kingdom and is attributable to one continuing activity, the holding and rental of property.

### 5. Profit before tax

This is stated after charging:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets	6	18
Auditor's remuneration - audit of the financial statements	3	2
Auditor's remuneration - non-audit services	-	1

### 6. Staff costs

Staff costs during the year were as follows:

	2015 £'000	2014 £'000
Wages and salaries	14	56
Social security costs	1	6
Other pension costs	-	1
	<b>15</b>	<b>63</b>

**S.G. Smith (Motors) Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2015

**Staff costs (continued)**

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

	2015 No.	2014 No.
Administration	1	2
Sales and aftersales	-	-
	<b>1</b>	<b>2</b>

The directors did not receive any remuneration from the Company during 2015 or 2014.

**7. Interest payable and similar charges**

	2015 £'000	2014 £'000
Bank interest and other interest payable	12	55

**8. Tax**

**a) Tax on profit on ordinary activities**

The tax charge is made up as follows:

	2015 £'000	2014 £'000
<i>UK corporation tax</i>		
Current tax on profits for the year	8	5
Adjustment in respect of previous periods	-	-
<b>Taxation on profit on ordinary activities</b>	<b>8</b>	<b>5</b>

**b) Factors affecting the total tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	32	-
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 - 20%)	6	-
Effects of:		
Expenses not deductible for tax purposes	2	1
Depreciation for the period in excess of capital allowances	-	4
<b>Total tax charge for the period</b>	<b>8</b>	<b>5</b>

**S.G. Smith (Motors) Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2015

**Tax (continued)**

**c) Factors that may affect future tax charges**

A reduction in the UK corporation tax from 24% to 23% took effect from 1 April 2013. A further reduction from 23% to 21% was substantively enacted in July 2013 and took effect from 1 April 2014. A further reduction in the UK corporation rate to 20% from 1 April 2015 has also been enacted. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted in October 2015.

This will reduce the Company's future current tax charge accordingly.

**9. Dividends**

	2015 £'000	2014 £'000
<i>Paid during the year</i>		
Interim dividend for 2015: 52,500p	1,575	-

**10. Tangible fixed assets**

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2015	1,775	20	1,795
Additions	-	-	-
Disposals	(1,775)	(20)	(1,795)
At 31 December 2015	-	-	-
<i>Depreciation</i>			
At 1 January 2015	196	19	215
Charge for the year	6	-	6
On disposals	(202)	(19)	(221)
At 31 December 2015	-	-	-
<b>Net book value</b>			
At 31 December 2014	1,579	1	1,580
At 31 December 2015	-	-	-

**11. Debtors**

	2015 £'000	2014 £'000
Trade debtors	-	82
Amounts owed by Group undertakings	66	44
Other debtors	-	8
	<b>66</b>	<b>134</b>

**S.G. Smith (Motors) Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2015

**12. Creditors: amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	-	17
Amounts owed to Group undertakings	8	-
Corporation tax	-	5
Other creditors	-	84
Accruals and deferred income	1	-
	<b>9</b>	<b>106</b>

**13. Transactions with related parties**

The company has taken advantage of exemption, under the terms of Section 33 of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the Group

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Marshall of Cambridge (Holdings) Limited and is therefore considered to be the ultimate parent company. The parent company of the smallest such group is Marshall Motor Holdings plc and this is also the immediate parent undertaking.

Copies of the Group financial statements can be obtained from Marshall of Cambridge (Holdings) Limited, Airport House, The Airport, Cambridge, CB5 8RY.

**14. Share capital**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Allotted, called up and fully paid: 3,000 ordinary shares of £1 each	3	3

**15. Reserves**

Called-up share capital	– represents the nominal value of shares that have been issued.
Non-distributable reserve	– used to record increase in the fair value of land & buildings and decreases to the extent that such decrease relates to an increase on the same asset. These amounts are not distributable to shareholders as dividends as the gains are not realised. On the sale of the related revalued assets a transfer to the profit and loss account takes place.
Profit and loss account	– includes all current and prior period retained profit and losses.

**16. Transition to FRS 102**

The company has adopted FRS 102 for the year ended 2015. Whilst the transition to FRS 102 from old UK GAAP has had no effect on the Company's reported financial position or financial performance as at 1st January 2014 or 31st December 2014, there have been several presentational differences which are reflected in these financial statements. No transitional provisions on conversion to FRS 102 have been applied.