Dick Lovett Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

Registered number 00414098

Contents

Directors' report
For the year ended 31 December 2016

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2016.

Directors

The directors of the company who served throughout the financial year and subsequently are as follows:

PC Lovett (chairman)
LR Campbell
JC Moulton

Going concern basis

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Dividends

An interim dividend of £2,950,000 was paid during the year (*2015: £1,100,000*). The directors do not recommend the payment of a final dividend (*2015: £nil*).

Future developments

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Employees

It is the company's belief that its objectives will only be achieved if employees understand and support the aims of the business. To this end it is the company's policy to maintain and develop a programme of involvement in the business which is meaningful to all employees. It is also the company's policy to employ disabled persons whenever suitable vacancies arise, and to provide for such employees the appropriate level of training and career progression within the company. If an employee should become disabled during employment within the company the board would use its best endeavours to provide suitable continuing employment.

Directors' report
For the year ended 31 December 2016 (continued)

Auditor

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Saffery Champness LLP were appointed as auditor of the company in the year in accordance with section 485 of the Companies Act 2006. A resolution proposing that they be re-appointed will be put at a General Meeting.

The Directors' Report does not include a fair review of the business, details of the risks and uncertainties and future developments, as this information is documented within the Strategic Report as required under s414C (11) of The Companies Act 2006.

The reduced disclosures noted in the accounting policies have been approved by the shareholder.

By order of the board

JC Moulton

JC Moulton
Company Secretary

Registered office:
The Copse
Frankland Road
Swindon
Wilts
SN5 8YW
9th May 2017

Strategic report
For the year ended 31 December 2016

Business review

The principal activity of the company during the year was the sale and maintenance of Porsche vehicles in the United Kingdom. Trading continued at record levels.

Key Performance Indicators ("KPIs")

The directors are of the opinion that, given the straightforward nature of the business, analysis using non financial KPIs is not necessary or appropriate for an understanding of the development and performance of the company. The directors consider the data within the financial statements sufficient to enable a considered view of the company's performance to be undertaken.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. These include major changes in the general economic climate and the supply of new cars from the manufacturers with whom the company deals.

Financial Risk Management

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Credit risk
The Company's principal financial assets are bank balances, cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk
Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Future developments

The directors expect the current level of activity to continue for the foreseeable future.

JC Moulton

JC Moulton
Company Secretary

The Copse
Frankland Road
Swindon
Wilts
SN5 8YW
9th May 2017

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 United Kingdom accounting standards have been followed; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company with 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.

Independent auditor's report to the member of Dick Lovett Limited

We have audited the financial statements of Dick Lovett Limited for the year ended 31 December 2016 set out on pages 6 to 18. 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) including Financial Reporting Standard 102.

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

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 2016 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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.

M Hill

Mark Hill (Senior statutory auditor)
for and on behalf of Saffery Champness LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom
9th May 2017

Profit and loss account

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Turnover	3	**153,373**	127,658
Cost of sales		**(139,989)**	(116,643)
Gross profit		**13,384**	11,015
Distribution costs		**(3,652)**	(3,116)
Administrative expenses		**(4,832)**	(4,247)
Operating profit		**4,900**	3,652
Net finance charges	4	**(225)**	(208)
Profit on ordinary activities before taxation	5	**4,675**	3,444
Tax on profit on ordinary activities	8	**(864)**	(717)
Profit for the financial year and total comprehensive income		**3,811**	2,727

All activities derive from continuing operations.

There is no material difference between the results as reported and on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been included.

There are no other gains or losses in the year other than as presented in the profit and loss account so no separate Statement of Comprehensive Income is presented.

Notes to these financial statements are provided on pages 9 to 18.

Balance sheet

As at 31 December 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	*10*		**1,326**		1,271
Current assets					
Stocks	*11*	**17,367**		14,558	
Debtors due within one year	*12*	**4,029**		3,577	
Cash at bank and in hand		**2**		812	
		21,398		18,947	
Creditors: amounts falling due within one year	*13*	**(13,057)**		(11,398)	
Net current assets			**8,341**		7,549
Total assets less current liabilities			**9,667**		8,820
Provisions for liabilities	*14*		**(62)**		(76)
Net assets			**9,605**		8,744
Capital and reserves					
Called up share capital	*16*		**250**		250
Profit and loss account			**9,355**		8,494
Shareholder's funds			**9,605**		8,744

The financial statements of Dick Lovett Limited, registered number 00414098, were approved by the board of directors and authorised for issue on 9th May 2017 and were signed on its behalf by:

PC Lovett
Director

Notes to these financial statements are provided on pages 9 to 18.

Statement of changes in equity

For the year ended 31 December 2016

	Equity attributablc to cquity sharcholdcrs of the company		
	Called-up share capital	**Profit and loss account**	**Total**
	£000	**£000**	**£000**
At 1 January 2015	**250**	**6,867**	**7,117**
Profit for the financial year and total comprehensive income	---	2,727	2,727
Dividends paid on equity shares	---	(1,100)	(1,100)
At 31 December 2015	**250**	**8,494**	**8,744**
Profit for the financial year and total comprehensive income	---	3,811	3,811
Dividends paid on equity shares	---	(2,950)	(2,950)
At 31 December 2016	**250**	**9,355**	**9,605**

Notes

(forming part of the financial statements)

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Dick Lovett Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on page 3. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates. The financial statements are also presented in pounds sterling.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to related party transactions, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the company, its cash flows, liquidity position and borrowing facilities, the company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities if any and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through an overdraft facility which continues at its present level unless and until amended or withdrawn. The current economic conditions create uncertainty particularly over the level of demand for the company's products, the exchange rate between sterling and the euro and thus the consequence for the cost of the company's purchases of new cars and the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility. The company will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facility will be renewed. However, the company has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Leasehold land and buildings	50 years or the life of the lease if shorter
Leasehold improvements	10 years
Plant and machinery	3 to 10 years

Revaluation of properties

Individual freehold and leasehold properties are not revalued to fair value every year.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of direct overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment of assets

Non-financial assets

An asset is impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at cost or amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Taxation

Current tax including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Notes

(forming part of the financial statements)

Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods have been paid for in full and title has been passed to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Notes

(forming part of the financial statements)

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors are of the opinion that there were no key judgements or sources of estimation uncertainty in the current year.

3 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers plus finance commissions earned as a result of the group's retail activities in the UK.

Turnover can be analysed as follows:

	2016	2015
	£000	£000
Sale of goods	**148,356**	123,566
Provision of services	**3,380**	2,901
Commission	**1,637**	1,191
	153,373	127,658

4 Net finance charges

	2016	2015
	£000	£000
Stock finance	**190**	212
Bank overdraft	**35**	---
Interest receivable	---	(4)
	225	208

Notes

(forming part of the financial statements)

5 Profit on ordinary activities before taxation

	2016 £000	2015 £000
Profit on ordinary activities before taxation is stated after charging (and crediting) the following:		
Auditor's remuneration:		
Fees payable to company's auditor for the audit of the company's financial statements	**16**	13
Fees payable to the company's auditor for other services - Services relating to taxation	**6**	5
Depreciation of tangible fixed assets	**312**	200
Rentals payable under operating leases:		
Hire of plant and machinery	**1**	1
Land and buildings	**1,186**	1,051

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2016	2015
Sales	**45**	40
Parts	**9**	8
Servicing	**65**	62
Administration	**26**	23
	145	133

	2016 £000	2015 £000
Their aggregate remuneration comprised:		
Wages and salaries	**4,194**	3,680
Social security costs	**433**	380
Other pension costs (see note 19)	**317**	287
	4,944	4,347

7 Remuneration of directors

The directors are directors of all the trading subsidiary companies of the holding company Dick Lovett Companies Limited. PC Lovett received total remuneration of £828,000 (*2015: £445,*000) from Dick Lovett Companies Limited during the year and is accruing benefits under the Dick Lovett Group Executive Pension Scheme. LR Campbell and JC Moulton received combined total remuneration of £609,000 (*2015: £445,*000) from Dick Lovett (Specialist Cars) Limited during the year and are both accruing benefits under defined contribution personal pension schemes in respect of their services to all group companies. It is not practicable to allocate the remuneration of the directors between the services provided to the different companies in the group.

Notes *(continued)*
(forming part of the financial statements)

8 Tax on profit on ordinary activities

	2016 £000	2015 £000
Current tax on profit on ordinary activities:		
United Kingdom corporation tax charge at the average rate for the year of 20.00% *(2015: 20.25%)*:		
Current year	**878**	619
Adjustment in respect of prior years	---	---
Total current tax	**878**	619
Deferred tax:		
Origination and reversal of timing differences	**(14)**	98
Total tax on profit on ordinary activities	**864**	717

Factors affecting tax charge for the year:

The tax assessed for the year differs from the average standard rate of corporation tax in the UK of 20.00% *(2015: 20.25%)*. The differences are explained below.

	2016 £000	2015 £000
Profit on ordinary activities before tax	**4,675**	3,444
Profit on ordinary activities at the UK average tax rate for the year of 20.00% *(2015: 20.25%)*	**935**	697
Effects of:		
Expenses not deductible for tax purposes	**23**	21
Depreciation in excess of capital allowances	**(83)**	(99)
Change in deferred tax rates	**(11)**	---
Origination and reversal of timing differences	---	76
Change in estimate of recoverable deferred tax asset	---	22
Current year tax charge	**864**	717

9 Dividends on equity shares

	2016 £000	2015 £000
Ordinary shares:		
Interim paid £11.80 *(2015: £4.40)* per ordinary share	**2,950**	1,100

Notes *(continued)*
(forming part of the financial statements)

10 Tangible fixed assets

	Short leasehold property £000	Plant equipment & vehicles £000	Total £000
Cost			
At 1 January 2016	107	3,271	3,378
Additions	2	373	375
Intra-group transfer	---	(91)	(91)
Disposals	---	(66)	(66)
At 31 December 2016	109	3,487	3,596
Depreciation			
At 1 January 2016	106	2,001	2,107
Charge for year	1	311	312
Intra-group transfer	---	(91)	(91)
Disposals	---	(58)	(58)
At 31 December 2016	107	2,163	2,270
Net book value			
At 31 December 2016	**2**	**1,324**	**1,326**
At 31 December 2015	1	1,270	1,271

11 Stocks

	2016 £000	2015 £000
Vehicles for resale	**11,873**	7,881
Vehicles on consignment	**4,573**	5,964
Parts and other stocks	**837**	662
Work in progress	**84**	51
	17,367	14,558

Notes *(continued)*
(forming part of the financial statements)

12 Debtors

Amounts falling due within one year:

	2016	2015
	£000	£000
Trade debtors	**2,095**	1,843
Amounts owed by group companies	**11**	41
Other debtors	**1,605**	1,005
Prepayments	**318**	688
	4.029	3,577

13 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Bank loans and overdrafts	**1,680**	---
Consignment vehicle liabilities	**4,572**	5,964
Payments from customers received on account	**1,677**	2,080
Trade creditors	**3,638**	2,006
Amounts owed to group companies	**445**	417
Corporation tax	**404**	248
Other taxes and social security	---	245
Accruals and deferred income	**641**	438
	13,057	11,398

The bank loans and overdrafts are secured by a floating charge over the assets of Dick Lovett Companies Limited and its subsidiaries. Manufacturers' stocking loans are secured on the vehicles financed and bear commercial rates of interest.

Notes *(continued)*
(forming part of the financial statements)

14 Provisions for liabilities

	2016 £000	2015 £000
Deferred tax liability	**62**	76
Deferred tax liability:		
Accelerated capital allowances	**62**	77
Other timing differences	**---**	(1)
	62	76
Deferred tax liability/(asset) at 1 January 2016	**76**	(22)
Deferred tax (credit)/charge in profit and loss account for year	**(14)**	98
Deferred tax liability at 31 December 2016	**62**	76

15 Financial instruments

All of the company's financial assets are recognised at the undiscounted amount receivable. These include cash as well as trade and other debtors as disclosed in note 12 to the financial statements. These financial assets did not generate any interest income during the current or previous years.

The company's financial liabilities include its bank loans and overdrafts as well as trade and other creditors. All financial liabilities are measured at the undiscounted amount payable as shown in notes 13 and 14. The total interest expense on these financial liabilities can be found in note 4 to the financial statements.

16 Called up share capital and reserves

	2016 £000	2015 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**250**	250

The company has one class of ordinary shares which carry no right to fixed income.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

17 Contingent liabilities

The company has given guarantees to the group's bankers in respect of loans and overdrafts of group companies which at 31 December 2016 amounted to £24,837,000 *(2015: £15,404,000)*.

Notes *(continued)*

(forming part of the financial statements)

18 Commitments

At the balance sheet date capital commitments which were contracted but not provided for in these accounts amounted to £nil *(2015: £nil).*

The company leases certain land and buildings. The total amount payable under these leases in the next year amounts to £1,186,000 (2015*: £1,186,000*). The rents payable under these leases are subject to renegotiation at various intervals. The company pays all insurance, maintenance and repair costs of these properties. The total commitment on these leases is £6,022,000.

19 Pension scheme

The company is a participating company in the Dick Lovett Group Executive Pension Scheme and also the group defined contribution pension scheme. The assets of both schemes are held separately from those of the company in independently administered funds. The pension cost charged represents contributions payable by the company to the respective funds and amounted to £317,000 *(2015: £287,000).* There were no outstanding or prepaid contributions at either the beginning or end of the year.

20 Related party disclosures

The company is controlled by its parent undertaking, Dick Lovett Companies Limited.

The company has taken advantage of the exemptions available under Section 33 of Financial Reporting Standard 102 ("FRS102") "Related Party Disclosures", and has not disclosed transactions with companies that are wholly owned subsidiaries of the Dick Lovett Companies Limited group of companies.

21 Ultimate parent undertaking

The company's ultimate parent undertaking is Dick Lovett Companies Limited whose registered office is The Copse, Frankland Road, Swindon, Wiltshire SN5 8YW. Dick Lovett Companies Limited is the parent of both the smallest and largest group of which the company is a member and for which consolidated financial statements are prepared. Copies of the financial statements of both companies are available from Companies House, Crown Way, Cardiff CF14 3UZ. The ultimate controlling party is Peter Lovett, a director of the company, and the sole shareholder in Dick Lovett Companies Limited.