Whitnash plc

Report and Financial Statements

31 December 2015

Company number 463572

Company information

Company registration number	463572
Registered office	5 Corunna Court Corunna Road Warwick Warwickshire CV34 5HQ
Directors	A C Buckmaster L D Goodwin
Secretary	D T Batey
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

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Chairman's Statement

Review of 2015

During the year the principal activity of the Group was the subleasing of property at Leamington Spa to three subtenants. This produced other operating income of £1,528,000, which was £156,000 less than the cost of the head lease. The Group is also involved in managing a number of legacy matters inherited from its past.

In 2015 there was an operating profit of £147,000 which compares with an operating loss of £65,000 in 2014. The profit was as a result of a provision release of £389,000. The provision related to the shortfall of the income from one of the subleases relative to the cost of the head lease. Following a rent review and rent revision the shortfall under the leases in future years has reduced to £72,000 per annum which means that part of the provions could be released. The rental shortfall does not impact the profit and loss account as this loss is fully provided. It does however impact the cash flows.

There was a loss of £756,000 (2014: £907,000) after tax and the finance charge on the Company's preference shares of £903,000.

One of the subtenants had a sublease until 2015 with an option for an extension to the end of the head lease in 2018. In 2014 the Company entered into an agreement with the Landlord and the subtenant under which the subtenant exercised its option to extend its lease until the end of the head lease at the same rent as in the head lease. In exchange for this the Company granted the subtenant a rent free period of 6 months with effect from December 2013. The Landlord in turn granted a rent reduction to the Company of the same value as the concession under the sub lease but this only took effect from March 2015. This resulted in the Company funding a timing gap of 15 months of a sum of up to £433,000.

Cash reserves at the year end rose by £584,000 to £622,000, due to the impact of the timing of the rent receipts and payments referred to in the preceding paragraph and a reduction in debtors, partly offset by the shortfall of £156,000 in the income from the subleases.

Dividends

The Company's distributable reserves were eliminated by the results for 2003 and in the opinion of the Board of Directors it is not realistic to expect dividends on the preference shares to be payable again in the future.

Control of Whitnash

Automotive Products Group Limited (APGL), which in 2006 went into liquidation, remains the holder of 100% of the ordinary shares of the Company. However, as reported in previous years, as a consequence of the failure in 2004 of APGL to pay on demand the full value of the unpaid share capital, and the failure of the Company to pay dividends due on its Preference Shares, the control of the Company has passed to its preference shareholders. This means that the liquidation of APGL has no effect on the Company.

Assets of Whitnash plc

As at the balance sheet date the Group's principal non cash asset was £35.8m owed by Automotive Products Investments Limited (AP Inv.) which was fully provided in the financial statements for the year ended 31 December 2003. AP Inv. does not have any cash and its only asset is 100% of the equity in Automotive Products International Limited (AP Int.). At 31 December 2015 AP Int. had cash of £2.12m compared with £2.14m at 31 December 2014. AP Int. also has contingent liabilities in relation to the sales agreements of its former subsidiaries.

Contingent liabilities

The Company has lease liabilities over the property at Leamington Spa until 2018, with current annual rent payable of £1.68m. The Company no longer uses any part of the property and the whole of the property is sublet to three subtenants, all of whom are heavily exposed to the automotive sector.

Chairman's Statement

One subtenant, which was bought out of administration in 2009, has a sublease through to 2018 with an option to break on 12 months notice given any time after November 2013, but previously at a discount of £165,000 p.a. to the terms of the head lease. The subtenant has, to date, not exercised its option to break. As mentioned above in November 2015 there was an increase in the annual rental which reduced the shortall to £72,000. At the year end there was a provision of £174,000 in the financial statements to reflect the shortfall for the period to the end of the head lease in May 2018 after the relevant part of this provision had been released in the accounts for 2015.

As mentioned above another sub-tennant has now entered into a lease until the end of the head lease.

The third sub-lease, which is for an annual rental of £0.3m, has no break clause. In October 2015 the sub-tenant went into administration. At the date of the insolvency the rent had been paid up to December 2015. In December 2015 the business was bought by another company and subsequently the lease has been assigned to the new owner with no loss of rental income.

There has been a legal dispute in Italy that dates back to 1979 when a former subsidiary was purchased. The Company has historically been advised that, for a number of reasons, it should not be liable for any significant amount from this dispute and in January 2008 the matter came to Court where the claim against the Company was rejected. The claimant appealed and in 2014 the appeal court found in favour of the Company. The claimant has subsequently appealed to the Italian Supreme Court but the Company has been advised that the appeal is unlikely to come to court before 2017. If the appeal is successful it is estimated that the cost to the Company could be up to £1,000,000.

Future of the Group and going concern

The objective of the Company's directors is to realise value from its assets and to reach appropriate agreements with its prospective creditors.

The directors believe that the principal risk to the Company is in relation to the lease at Leamington Spa if the subtenant referred to above exercises its break clause or if one or more of the subtenants were to be unable to continue to pay the rent before the end of the head lease in May 2018.

In relation to the lease at Leamington Spa, on the assumption that the sub tenants continue to pay their rent on time and that the Group's landlord continues to accept payment when the Company has received sufficient rent from subtenants, as it has in the past, the Group has sufficient resources to be able to meet its rent obligations to the Landlord until at least 30 June 2017. Therefore the Company's directors believe that it is appropriate for these financial statements to be prepared on the going concern basis.

In previous informal discussions, the landlord indicated a range of values for which it believed the Company would be liable under the terms of the lease if the Company were to go into a wind-up. These values were such that, if they proved to be appropriate, there would be no value for Preference Shareholders in any winding up unless and until further value were to emerge from the amount owed to the Company by AP Inv, whose value derives from the assets of its subsidiary AP Int. The value in AP Int. principally depends upon the value of any valid claims which may be made under the warranties and indemnities in relation to the former share purchase agreements. However, the directors believe the future prosperity of the Company is likely to be largely dependent on whether all the sub-tenants at the Leamington Spa site continue as subtenants until the end of the head lease in 2018 or otherwise on the Company's negotiations with the landlord of that site and the outcome of the litigation in Italy.

A C Buckmaster

Date: 10th JUNE 2016

Strategic Report

Business review

During 2014 the principal activity of the Group was the subleasing of property at Leamington Spa to three subtenants. This produced other operating income of £1,528,000, which was £156,000 less than the cost of the head lease. The Group is also involved in managing a number of legacy matters inherited from its past when the Company was a member of the Automotive Products Group.

In 2015 there was an operating profit of £147,000 which compares with an operating loss of £65,000 in 2014. The profit was as a result of a provision release of £389,000. The provision related to the shortfall of the income from one of the subleases relative to the cost of the head lease. Following a rent review and rent revision the shortfall under the leases in future years has reduced to £72,000 per annum which means that part of the provisions could be released. The rental shortfall does not impact the profit and loss account as this loss is fully provided. It does however impact the cash flows.

There was a loss of £756,000 (2014: £907,000) after tax and the finance charge on the Company's preference shares of £903,000.

One of the subtenants had a sublease until 2015 with an option for an extension to the end of the head lease in 2018. In 2014 the Company entered into an agreement with the Landlord and the subtenant under which the subtenant exercised its option to extend its lease until the end of the head lease at the same rent as in the head lease. In exchange for this the Company granted the subtenant a rent free period of 6 months with effect from December 2013. The Landlord in turn granted a rent reduction to the Company of the same value as the concession under the sub lease but this only took effect from March 2015. This resulted in the Company funding a timing gap of 15 months of a sum of up to £433,000.

Cash reserves at the year end rose by £584,000 to £622,000, due to the impact of the timing of the rent receipts and payments referred to in the preceding paragraph and a reduction in debtors, partly offset by the shortfall of £156,000 in the income from the subleases.

Principal risks and uncertainties

The Company has lease liabilities over the property at Leamington Spa until 2018, with the current annual rent payable being £1.68m. The Company no longer uses any part of the property and the whole of the property is sublet to three subtenants, all of whom are heavily exposed to the automotive sector.

One subtenant, which was bought out of administration in 2009, has a sublease through to 2018 with an option to break on 12 months notice given any time after November 2013, but previously at a discount of £165,000 p.a. to the terms of the head lease. The subtenant has, to date, not exercised its option to break. As mentioned above there has been an increase in the annual rental which reduced the shortall to £72,000. At the year end there was a provision of £174,000 in the financial statements to reflect the shortfall for the period to the end of the head lease in May 2018, after the relevant part of this provision had been released in the accounts for 2015.

There has been a legal dispute in Italy that dates back to 1979 when a former subsidiary was purchased. The Company has historically been advised that, for a number of reasons, it should not be liable for any significant amount from this dispute and in January 2008 the matter came to Court where the claim against the Company was rejected in its entirety. The claimant appealed and in 2014 the appeal court found in favour of the Company. The claimant has subsequently appealed to the Italian Supreme Court but the Company has been advised that the appeal is unlikely to come to court before 2017. If the appeal is successful it is estimated that the cost to the Company could be up to £1,000,000.

The Company's cash resources are such that in relation to the lease at Leamington Spa, the Company will need to receive part of the rent from the sub tenants before it is able to pay the landlord which sometimes has resulted in the rent being paid late. To date the landlord has accepted this practice.

Strategic Report - continued

Principal risks and uncertainties (continued)

Therefore the principal risks to future prosperity of the Company are as follows:

1. the tenant with the break clause exercising that break
2. any of the three tenants running into solvency problems
3. the appeal in the Supreme Court in Italy being upheld
4. the landlord requiring the rent to be paid on the exact date
5. AP Investments failing to make any more loan repayments.

If any of the first four key risks identified above were to occur the Company would be totally dependent on receiving more loan repayments from Automotive Products Investments Ltd in order to maintain its solvency.

Key performance indicators

As the business is dealing with legacy matters as and when they happen the directors do not believe that conventional KPIs are meaningful.

The Company monitors the punctuality of the payments of the rent by its three subtenants and regards these and its cash balance as its KPIs. The record of number of days overdue during 2015 has been as follows:

	1st quarter	2nd quarter	3rd quarter	4th quarter
Tenant 1	15	24	2	0
Tenant 2	0	0	0	0
Tenant 3	15	15	14	2

Report of the Directors

The directors present their report together with the audited financial statements of the Group and Company for the year ended 31 December 2015. At the balance sheet date the Group comprised the Company and one remaining dormant subsidiary.

Principal activity, review of the business and future developments

The principal activity of the Company and Group in the year under review was that of managing the sub-leases over the Leamington Spa site. A review of the business and the state of the Group's affairs appears in the Chairman's Statement on pages 2 to 3 and the Strategic Report on pages 4 and 5 reviews the principal risks and key performance indicators.

Group results and dividends

The consolidated loss for the year after taxation amounted to £756,000 (2014: £907,000). A preference share dividend of £903,000 (2014: £903,000) was accrued as a finance charge but not proposed or paid.

Board of directors

The membership of the Board at 31 December 2015 is set out below. Both directors served on the Board throughout the year.

A C Buckmaster
L D Goodwin

Substantial shareholding

The entire issued ordinary and deferred share capital of the Company is owned by Automotive Products Group Ltd. (APGL) which, in 2006, went into liquidation. With effect from 31 March 2004 APGL is no longer entitled to vote at shareholder meetings.

Payment policy

It is the policy of the Company to pay its suppliers in accordance with agreed terms. At 31 December 2015 trade purchases outstanding for the Company and Group were both equivalent to nil days (2014: nil).

Financial risk management objectives and policies

The directors believe that the principal risk to the Company is in relation to the lease at Leamington Spa if the subtenant with a break clause were to terminate its sub-lease or if any of the sub tenants should be unable to continue to pay the rent before the end of the head lease in 2018.

The Group holds cash to fund its activities, but does not have any funding facilities. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Liquidity risk
The rental income does not meet expenditure resulting in decreasing cash reserves which will be less than the quarterly rent bill; therefore it will be necessary to wait until after the Company has received the income due from its tenants before payment is made to the Landlord. This principle has been accepted by the Landlord in the past.

Credit risk
In the opinion of the directors the Group's principal credit exposure relates to its sub tenants at the Leamington Spa site. Whilst wherever possible the Group takes steps to ensure it trades only with recognised, credit worthy third parties from the outset of any transactions, all three sub-tenants are heavily exposed to the automotive sector.

Report of the Directors - continued

Directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 that disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

Auditor

A resolution to reappoint Grant Thornton UK LLP will be put to the forthcoming Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD

D.T Batey

D T Batey
Secretary

10 June 2016

Registered Office
5 Corunna Court
Corunna Road
Warwick
CV34 5HQ

Company Number
463572

Grant Thornton

Report of the independent auditor to the members of Whitnash Plc

We have audited the financial statements of Whitnash plc for the year ended 31 December 2015 which comprise principal accounting policies, the group and parent company statements of financial position, the group statement of comprehensive income, the consolidated cash flow statement, the group and parent company statement of changes in equity and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement as set out on page 7, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

GrantThornton

Report of the independent auditor to the members of Whitnash Plc

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

David White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

15/6/ 2016

Principal Accounting Policies

Basis of preparation
The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", and with the Companies Act 2006

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 16 for an explanation of the transition.

The financial statements are presented in Sterling (£).

Going concern
The Group has prepared forecasts to 31 December 2017, which take into account the revised rent paid by one of the sub tenants. The forecasts, which also assume that the sub tenants continue to pay their rent on time or that if a sub tenant is late with its rent the Landlord will accept late payment, demonstrate that the Group has sufficient resources to be able to meet its rent obligations to the Landlord and its other financial commitments for the foreseeable future. Therefore the Company's directors believe that it is appropriate for these financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Significant judgements and estimates

Preparation of the financial statements required management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are fully explained in the chairman's and strategic reports.

Basis of consolidation
The consolidated profit and loss account, balance sheet and statement of cash flows incorporate the financial statements of the subsidiary undertaking for the year ended 31 December 2015.

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to present its own profit and loss account. The result for the year is disclosed in note 5.

Investments
Investments are stated at cost less provisions for any impairment in value.

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

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

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the profit and loss on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Principal Accounting Policies

Provisions for liabilities
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or less in the period it arises.

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 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 recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, 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 group 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.

Principal Accounting Policies

Financial instruments
The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liabilitiy simultaneously.

Consolidated Statement of Comprenhensive Income
For the year ended 31 December 2015

	Notes	*2015* **£000**	*2014* £000
Other operating income	1	**1,528**	1,561
Administrative expenses		**(1,381)**	(1,626)
Operating profit/(loss)	1	**147**	(65)
Interest receivable		-	61
Profit/ (loss)before finance charges regarding non-equity shares		**147**	(4)
Finance charge regarding non-equity shares	4	**(903)**	(903)
Loss on ordinary activities before taxation		**(756)**	(907)
Taxation	3	-	-
Loss on ordinary activities after tax and transferred from reserves	11	**(756)**	(907)
Other comprehensive income		-	-
Total comprehensive income for the year		**(756)**	(907)

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Whitnash plc

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Consolidated and Company Statement of Financial Position

As at 31 December 2015

	Notes	*Group* **2015** **£000**	2014 £000	*Company* **2015** **£000**	2014 £000
Fixed assets					
Investments	6	**-**	-	**-**	-
Current assets					
Debtors: amounts falling due within one year	7	**736**	1,303	**736**	1,303
Cash at bank		**622**	38	**622**	38
		1,358	1,341	**1,358**	1,341
Creditors: amounts falling due within one year	8a	**749**	490	**749**	490
Provisions for liabilities and charges	8b	**92**	185	**92**	185
Net current assets		**517**	666	**517**	666
Total assets less current liabilities		**517**	666	**517**	666
Debt: amounts falling due after more than one year	9a	**(21,962)**	(21,059)	**(21,962)**	(21,059)
Provisions for liabilities and charges	9b	**(102)**	(398)	**(102)**	(398)
Net liabilities		**(21,547)**	(20,791)	**(21,547)**	(20,791)
Capital and reserves					
Called up share capital - equity	10	**35,063**	35,063	**35,063**	35,063
Share premium account	11	**3,600**	3,600	**3,600**	3,600
Profit and loss account	11	**(60,210)**	(59,454)	**(60,210)**	(59,454)
Shareholders' deficit	12	**(21,547)**	(20,791)	**(21,547)**	(20,791)

The financial statements were approved by the Board of Directors on 10th JUNE 2016 and signed on its behalf by:

A C Buckmaster
Director

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

	2015 £000	2014 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	**147**	(65)
Adjustments for:		
Decrease/(increase) in trade and other debtors	**567**	(445)
Increase in creditors	**259**	199
Release in provisions for liabilities and charges	**(389)**	(165)
Net cash generated from operating activities	**584**	(476)
Cash flows from investing activities		
Interest received	-	61
Net cash from investing activities	-	61
Net increase in cash and cash equivalents	584	(415)
Cash and cash equivalents at the beginning of the year	38	453
Cash and cash equivalents at the end of the year	622	38

Consolidated and Company Statement of Changes in Equity

	Called-up share capital	Share premium account	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 1 January 2014	35,063	3,600	(58,547)	(19,884)
Total comprehensive income for the year	-	-	(907)	(907)
At 31 December 2014	35,063	3,600	(59,454)	(20,791)
Total comprehensive income for the year	-	-	(756)	(756)
At 31 December 2015	35,063	3,600	(60,210)	(21,547)

Notes to the Financial Statements

1. Other operating income and operating profit/(loss)

During the year other operating income was predominantly derived from managing the sub-leases over the Leamington Spa site.

Operating profit/(loss) is arrived at after charging/(crediting):

	2015 *£000*	*2014* *£000*
Audit fees	**8**	6
Operating leases - property rental expenditure (note 13)	**1,682**	1,682
Release of lease provision (note 13)	**(389)**	(165)
Operating leases - property rental income (note 13)	**(1,528)**	(1,518)

2. Employees and directors

The Group had no employees in both the years ended 31 December 2015 and 31 December 2014.

The directors received total remuneration for the year of £25,555 (2014: £24,533).

3. Taxation on ordinary activities

(a) Analysis of charge in the year:

	2015 *£000*	*2014* *£000*
UK Corporation tax based on the results for the year	-	-
Over-provision	-	-
Total tax charge for the year	-	-

(b) Factors affecting current tax charge:

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2014: 21%). The differences are reconciled below:

	2015 *£000*	*2014* *£000*
Loss on ordinary activities before taxation	**(756)**	(907)
Loss on ordinary activities at the standard rate of 20% (2014: 21%)	**(151)**	(190)
Expenses not deductible for tax purposes	**151**	190
Total tax (note 3(a))	-	-

Notes to the Financial Statements

4. Finance charge regarding non-equity shares

	2015 £000	2014 £000
5.0% £1 Cumulative preference shares	**25**	25
6.5% £1 Cumulative second preference shares	**203**	203
9.0% £1 Cumulative preference shares	**675**	675
	903	903

Annual dividend payments on non-equity shares are, subject to the conditions included in note 9, payable in respect of the six months ending 31 March and 30 September. No dividend has been paid since 31 March 2003 as the Company has insufficient distributable reserves. Notwithstanding an accrual for preference dividends has been made in accordance with FRS 25.

5. Loss of the Company

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The loss of the Company for the year was £756,000 (2014: £907,000).

6. Fixed asset investments – Company

Investments in subsidiary undertakings comprise:

	Cost £000	Provision £000	Net book amount £000	Amount owed to subsidiary £000	Net investment in subsidiary £000
At 1 January 2015 and 31 December 2015	750	(700)	50	(50)	-

The Company's wholly owned subsidiary undertaking Automotive Products (Exports) Limited is registered in England and Wales and is dormant.

7. Debtors

Amounts falling due within one year

	Group and Company 2015 £000	2014 £000
Amounts due from related parties	**8**	20
Other debtors	**84**	441
VAT debtor	**7**	8
Prepayments	**637**	834
	736	1,303

Notes to the Financial Statements

8. Creditors

(a) Amounts falling due within one year

	Group and Company	
	2015	*2014*
	£000	*£000*
Taxation	-	3
Accruals	**749**	487
	749	490

(b) Provisions for liabilities and charges

Provision of £92,146 (2014: £184,940) mainly comprise the likely shortfall that is expected to arise by 31 December 2016 between the rent payable under the head lease and the rent to be received from the sub-tenants.

9(a). Debt: amounts falling due after one year

Preference shares

The Company has various classes of shares of which the preference shares have been reclassified as debt in accordance with FRS 102. The directors believe that the coupon rate at the date of issue of each of the preference shares was equivalent to that of a debt investment and hence there is no residual equity interest as a compound instrument. The authorised and issued share capital, together with their rights, are set out below:

Rights of preference shareholders

5.0% Cumulative preference shares of £1 each

(a) Entitle holders, in priority to holders of all other classes of share but only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 5.0% per annum per share payable half yearly in equal amounts on 31 March and 30 September.

(b) On a return of capital on a winding up or otherwise, entitle holders, in priority to holders of all other classes of share, to be repaid paid-up capital together with a premium of 15p per share and a sum equal to any arrears or deficiency of dividend.

(c) Entitle holders to receive notice of and to attend and vote at a General Meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is at least six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the Company or for the reduction of its capital or for the variation or abrogation of the holders' special rights.

Notes to the Financial Statements

9(a). Debt: amounts falling due after one year *(continued)*

Rights of preference shareholders (continued)

6.5% Cumulative second preference shares of £1 each

(a) Entitle holders, subject to the prior rights of the 5.0% cumulative preference shares of £1 each and only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 6.5% per annum per share payable half yearly in equal amounts on 31 March and 30 September.

(b) On a return of capital on a winding up or otherwise, entitle holders, subject to the prior rights of the 5.0% cumulative preference shares of £1 each, to be repaid paid-up capital together with a sum equal to any arrears or deficiency of dividend.

(c) Entitle holders to receive notice of and to attend and vote at a General Meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is at least six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the Company or for the reduction of its capital or for the variation or abrogation of the holders' special rights.

9.0% Cumulative preference shares of £1 each

(a) Entitle holders, subject to the prior rights of each of the 5.0% cumulative preference shares of £1 each and the 6.5% second cumulative preference shares of £1 each and only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 9% per annum per share payable half yearly in equal amounts on 31 March and 30 September.

(b) On a return of capital on a winding up or otherwise, entitle holders, subject to the prior rights of each of the 5.0% cumulative preference shares of £1 each and the 6.5% second cumulative preference shares of £1 each, to be repaid paid-up capital together with a premium (representing the excess over par of the average market value of the shares, in the six months preceding presentation of the petition of the Company's winding up or, as the case may be, that date which itself precedes by thirty days despatch of the notice convening a General Meeting at which the Company's winding up or other giving rise to a return of capital is to be proposed) and a sum equal to any arrears or deficiency of dividend.

	2015 and 2014 Number	*2015 £000*	*2014 £000*
Authorised			
5.0% £1 Cumulative preference shares	**1,000,000**	**1,000**	1,000
6.5% £1 Cumulative second preference shares	**3,500,000**	**3,500**	3,500
9.0% £1 Cumulative preference shares	**7,500,000**	**7,500**	7,500
		12,000	12,000
Issued			
5.0% £1 Cumulative preference shares	**500,000**	**500**	500
6.5% £1 Cumulative second preference shares	**3,125,000**	**3,125**	3,125
9.0% £1 Cumulative preference shares	**7,500,000**	**7,500**	7,500
		11,125	11,125
Accrued dividends - not yet proposed		**10,837**	9,934
		21,962	21,059

Notes to the Financial Statements

9 (b). Provisions for liabilities and charges falling due after one year

Provision of £102,000 (2014: £398,000) has been made for the likely shortfall that is expected to arise after 31 December 2016 between the rent payable under the head lease and the rent to be received from the sub-tenants.

10. Equity share capital

The dividend due to Preference Shareholders payable on 30 September 2003 was not paid and remains unpaid. Consequently, on 31 March 2004 all classes of Preference Shareholder became entitled to vote at any General Meeting. In January 2004 the Company demanded payment from Automotive Products Group Limited of the £15m unpaid share capital. As Automotive Products Group Limited was unable to pay all of this sum, it was agreed that £506,000 would be paid and that the balance would be deferred until the later of 100 years (i.e. 2104) and such time as Automotive Products Group Limited has discharged its liabilities to its UK pension schemes. Consequently, as defined under the Articles of the Company, Automotive Products Group Limited, which is the holder of 100% of the Company's issued ordinary and deferred shares, is no longer entitled to the privilege o f voting at any General Meeting. Automotive Products Group Limited went into liquidation on 10 February 2006.

	2015 and 2014 Number	*2015 £000*	*2014 £000*
Authorised			
Equity			
Ordinary shares of 25p each	**131,749,598**	**32,937**	32,937
Ordinary shares of US$0.10 each	**10**	**-**	-
Deferred shares of 25p each	**60,250,402**	**15,063**	15,063
		48,000	48,000
Issued			
Equity			
Ordinary shares of 25p each	**80,000,000**	**20,000**	20,000
Ordinary shares of US$0.10 each	**10**	**-**	-
Deferred shares of 25p each	**60,250,402**	**15,063**	15,063
		35,063	35,063

The Ordinary shares of US$0.10 each have the same rights as ordinary shares.

Following reorganisation of the Company's share capital in April 1995 the issued ordinary shares that existed at that time were converted into deferred shares. No additional consideration was generated on the restructuring and there is no finance cost attached to these deferred shares. The deferred shares have the following rights:

(a) No entitlement to a share in the profits or assets of the Company unless holders of all other classes of shares in the Company have received £100m in respect of each share held.

(b) No right to receive notice, attend, or vote at any General Meeting of the Company.

Notes to the Financial Statements

11. Reserves

Share premium account
The share premium includes the excess of consideration paid on the issue of shares that exceeds the nominal value of the shares. Any transaction costs associated with the issue of shares are deducted from share premium.

Profit and loss account
The profit and loss account includes all current and prior period retained profits and losses.

12. Financial instruments

Group and Company

	2015	*2014*
	£000	*£000*
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**92**	461
Financial liabilities		
Financial liabilities measured at amortised cost	**(22,711)**	(21,546)

Financial assets measured at amortised cost comprise of amounts due from related parties and other debtors.

Financial liabilities measured at amortised cost comprise of accruals and preference shares classified as debt.

Notes to the Financial Statements

13. Operating leases and contingent liabilities

At 31 December 2015 the Group and the Company had an annual commitment for the lease of land and buildings of £1.68m (2014: £1.68m).

The Company previously granted sub leases to three independent third parties that produced annual rental income equivalent to the cost of the head lease. In January 2009 one sub-tenant was placed into administration. Subsequently the administrator sold the majority of the business of the company in question. The new owner now occupies the premises under a new sub-lease through to the end of the head lease in 2018, with an option to break on 12 months notice given any time after November 2013. The subtenant has, to date, not exercised this option. The terms of the revised lease left a shortfall between the rent in the head lease and the sub-lease of approximately £165,000 p.a. In November 2015 there was an increase in the annual rental thus reducing the shortall to approximately £72,000 p.a. A provision of £174,000 has been made in these accounts to reflect the shortfall for the full period to the end of the head lease in May 2018.

Another subtenant had a sub-lease until 2015 with an option for an extension to the end of the head lease in 2018. In 2014 the Company entered into an agreement with the Landlord and that subtenant under which the subtenant exercised its option to extend its lease until the end of the head lease at the same rent as in the head lease. In exchange for this the Company granted the subtenant a rent free period of 6 months with effect from December 2013. The Landlord in turn granted a rent reduction to the Company of the same value as the concession under the sub lease but this reduction took effect from March 2015. This resulted in the Company funding a timing gap of 15 months of a sum of up to £433,000.

The third sub-lease, which is for an annual rental of £0.3m, has no break clause.

There has been a legal dispute in Italy that dates back to 1979 when a former subsidiary was purchased. The Company has historically been advised that for a number of reasons it should not be liable for any significant amount from this dispute and in January 2008 the matter came to Court where the claim against the Company was rejected. The claimant appealed and in 2014 the appeal court found in favour of the Company. The claimant has subsequently appealed to the Italian Supreme Court but the Company has been advised that the appeal is unlikely to come to court before 2017. If the appeal is successful it is estimated that the cost to the Company could be up to £1,000,000.

The future operating lease payments are as follows:	*Group and Company*	
	2015	*2014*
	£000	*£000*
Within one year	1,780	1,347
Between one and five years	2,522	4,302

Notes to the Financial Statements

14. Related party transactions

The Company has taken advantage of the exemption from disclosure of transactions with other Group companies or investees of the Group which is available to more than 90% owned subsidiary undertakings under FRS 8.

The Group and Company had the following balances owed by members of the Automotive Products Group Limited:

	2015	*2014*
	£000	*£000*
Automotive Products Group Limited (unpaid share capital)	**14,427**	14,427
Automotive Products Investments Limited	**35,800**	35,800
Automotive Products International Finance Limited	**346**	346

Automotive Products Group Limited, which is in liquidation, is a related party by virtue of its holding of the Company's equity share capital. Automotive Products Group Limited holds 100% of the share capital of Automotive Products Investments Limited and Automotive Products International Finance Limited which is in liquidation. Automotive Products Investments Limited owns 100% of the share capital of Automotive Products International Limited.

Mr A C Buckmaster, a director of the Company, is also a director of Automotive Products Investments Limited and Automotive Products International Limited.

Until 30 November 2015, Mr D T Batey, the company secretary, was also a partner at Batey Jackson & Co, who provide accountancy services to the Company at a cost of £22,162 (2014: £21,781).

Other than in relation to Automotive Products Investments Limited none of the balances detailed above are expected to be recovered and all have been fully provided in these financial statements.

In relation to Automotive Products Investments Limited it is possible that a small part of this loan could be repaid at some stage in the future if value is realised from that company's investment in Automotive Products International Limited, but the loan has been fully provided in these financial statements.

15. Ultimate parent undertaking and controlling party

At 31 December 2015, although the ultimate parent undertaking was Automotive Products Group Limited, with effect from 31 March 2004 it ceased to be the controlling party for the reasons set out in note 10.

Consequently, the Company is no longer under the control of Automotive Products Group Limited or any other single entity. The controlling parties are therefore the preference shareholders.

16 First time adoption of FRS 102

The policies applied under the group's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.