

Company Registration No. 01055767 (England and Wales)

RICHARD HARDIE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

THURSDAY



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RICHARD HARDIE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | R P Hardie B Hardie N R Hardie R Luke |
| Company number | 01055767 |
| Registered office | Trafford Road Southwick Sunderland Tyne & Wear SR5 2DA |
| Auditor | RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD |
| Bankers | Lloyds Bank Black Horse House 91 Sandyford Road Newcastle upon Tyne NE1 8HQ |

RICHARD HARDIE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

The profit for year before taxation is £458,039 (2015: £433,656) which represents an increase of 5.6%.

During the whole of 2016 the company operated Peugeot dealerships in Sunderland and Durham and dual franchise dealerships in Ashington and Silverlink, Newcastle. The Ashington branch represented Peugeot and Fiat and the Silverlink branch Fiat and Abarth. In August 2016 the Sunderland dealership was appointed as Fiat and Abarth brand representatives and in January 2017 relinquished the Peugeot franchise at this site. Also, in October 2016 the company acquired a fifth dealership on Scotswood Road, Newcastle and represented Fiat, Alfa Romeo and Jeep from this site.

The company's key financial indicators during the year were as follows:

| | 2016 | 2015 | Change |
|---|--------------|--------------|---------------|
| | £'000 | £'000 | % |
| Turnover | 50,703 | 47,138 | 7.6% |
| Gross profit | 5,787 | 5,336 | 8.5% |
| Gross profit margin | 11.4% | 11.3% | 0.9% |
| Distribution costs & administrative expenses as a percentage of turnover | 10.4% | 10.3% | 1.0% |
| Net profit (Profit before tax) | 458 | 434 | 5.6% |
| Net profit margin | 0.9% | 0.9% | Nil |
| Shareholders' equity | 3,858 | 3,608 | 6.9% |

In 2016 the Company maintained a gross profit margin of 11.4%. Total new car registrations in 2016 achieved a record 2.69 million cars which was an increase of 2.3% over 2015 and the fifth successive year that this market increased. However, Peugeot and Fiat both underperformed the market with declines of 5.5% and 5.7% respectively with Peugeot's market share falling from 3.96% to 3.66% and Fiat's from 2.44% to 2.25%. Abarth increased their market share by 44.6% from 0.10% to 0.15%.

Vehicle repairs and servicing and parts sales remained steady throughout 2016.

Distribution costs and administrative expenses increased marginally from 10.3% to 10.4% of turnover with discipline of cost control exercised by the management and directors throughout the year.

Overall the company achieved a net profit of £458,039 which represented 0.9% of turnover with an increase in shareholders' funds of £250,572 after tax and payment of a dividend of £120,000.

The directors were satisfied at the performance of the company and the financial results achieved in 2016.

Trading conditions in 2017 continue to be very challenging but the directors are confident of continuing this performance and of achieving maximum returns from the opportunities available.

RICHARD HARDIE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Principal risks and uncertainties

The principle risks and uncertainties facing the company are outlined below. This is not intended to be an exhaustive list but represents the principle risks and uncertainties that the directors believe could have the most significant impact on the company's results.

- **Economic conditions**

A deterioration in the economic conditions in the UK could result in reduced consumer confidence and spending, and therefore reduced demands for products. In addition, governments may increase taxes and implement other measures to manage the economic conditions in ways that adversely affect the company's business.

The outcome of the referendum on 23rd June 2016 regarding the UK's ongoing membership of the European Union has given rise to a period of uncertainty and current industry forecasts are for a decline in the new vehicle market in the UK. In addition, the fall in the value of sterling since the referendum result has impacted on the price of new vehicles which may further impact consumer demand.

- **Regulatory compliance**

The company is subject to a regulatory compliance risk which can arise from a failure to comply fully with the laws, regulations or codes applicable, for example those set out by the Financial Conduct Authority, Trading Standards, Vehicle Operators and Service Agency (VOSA), local authorities and the manufacturers we represent. We operate in an environment for ever increasing regulatory scrutiny and non-compliance can lead to fines, or enforced suspension from sales of general insurance products and arranging consumer credit, or public reprimand, or in extreme cases closure of parts of the business.

- **Staff retention**

The company relies on a number of key employees, both in its management and its operations, with specialised skills and extensive experience in their respective fields. The company needs to attract, recruit, replace, retain or motivate suitable qualified and experienced employees, and any failure in this could impact its growth or sales performance, increase its wage costs and adversely affect its business results and financial condition. In particular the recruitment and retention of skilled technical staff is becoming increasingly challenging.

- **Manufacturer Targets**

The company is at risk from the performance targets set by the car manufacturers that it represents. Whilst these targets have a degree of negotiation, if agreement cannot be reached then the manufacturers impose targets. The company needs to achieve these targets to earn the returns available which contribute significantly towards profitability. Vulnerability to unreasonable and unachievable targets is more prevalent in a declining retail market.

RICHARD HARDIE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Financial risk management, objectives and policies

Financial risk

The use of financial derivatives is governed by the company's policies approved by the board of directors. The company does not use derivative financial instruments for speculative purposes.

The company uses various financial instruments and these include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are categorised as liquidity risk, market risk, credit risk and cashflow risk. The directors review and agree policies for managing each of these risks and they are summarised below:

Liquidity risk

Funds available to the company are above operating requirements. The board of directors assess the need for liquidity within the business with reference to the funding cycle most appropriate to the trading performance and the short term cash flow need of the business.

Market risk

The company has strong relationships with the brands that it represents, FCA (Fiat, Abarth, Alfa Romeo and Jeep) and Peugeot but relies on these brands being competitive in a challenging market place. New and innovative products from both manufacturers assist but price and transaction competitiveness is crucial to the company's performance.

Credit risk

The company's principle financial assets are cash and trade debtors. The credit risk associated with the cash is minimal. The principle credit risk therefore arises from its trade debtors.

In order to manage credit risk, the directors have implemented processes to ensure receipt of cleared funds for vehicle sales before the vehicle is released. The bonuses due from the manufacturer are paid by direct credit.


Other trade debtors require approved credit in advance which is supported by references and payment is required within the company's credit terms and hence the credit risk is minimised.

Cashflow risk

The company's activities primarily expose it to the financial risks of changes in its working capital, brought about by the seasonality of the industry and the stock holding requirements.

The board of directors monitor the working capital requirement and are able to assess the commercial rationale against the costs of raising capital through the company's bankers and primary funders.

On behalf of the board



R P Hardie

Director

2 August 2017

RICHARD HARDIE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company is that of retail motor dealers, operating five branches, all with facilities for new and used car sales, servicing and repairs and part sales.

Directors

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

R P Hardie
B Hardie
N R Hardie
R Luke

(Appointed 10 March 2017)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £120,000. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



R P Hardie
Director
2 August 2017

RICHARD HARDIE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHARD HARDIE LIMITED

Opinion on financial statements

We have audited the financial statements on pages 7 to 26. 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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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.

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 <http://www.frc.org.uk/auditscopeukprivate>

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 and, based on the work undertaken in the course of our audit, 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 the 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 or 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Iain Corner FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD
2 August 2017

RICHARD HARDIE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

| | | 2016 £ | 2015 £ |
|--|-----------|--------------|--------------|
| | Notes | | |
| Turnover | 3 | 50,703,449 | 47,137,735 |
| Cost of sales | | (44,916,541) | (41,801,293) |
| Gross profit | | 5,786,908 | 5,336,442 |
| Distribution costs | | (2,643,343) | (2,519,754) |
| Administrative expenses | | (2,628,938) | (2,320,239) |
| Operating profit | 4 | 514,627 | 496,449 |
| Interest receivable and similar income | 8 | - | 268 |
| Interest payable and similar expenses | 9 | (56,588) | (63,061) |
| Profit before taxation | | 458,039 | 433,656 |
| Taxation | 10 | (87,467) | (129,116) |
| Profit for the financial year | 27 | 370,572 | 304,540 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

RICHARD HARDIE LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2016**

| | Notes | 2016 £ | £ | 2015 £ | £ |
|--|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 13 | 3,419,601 | | 3,321,300 | |
| Investments | 14 | 525,000 | | 525,000 | |
| | | <u>3,944,601</u> | | <u>3,846,300</u> | |
| Current assets | | | | | |
| Stocks | 16 | 6,246,242 | | 4,742,527 | |
| Debtors | 17 | 1,888,081 | | 1,578,954 | |
| Cash at bank and in hand | | 1,690 | | 5,028 | |
| | | <u>8,136,013</u> | | <u>6,326,509</u> | |
| Creditors: amounts falling due within one year | 18 | <u>(6,839,521)</u> | | <u>(4,950,506)</u> | |
| Net current assets | | <u>1,296,492</u> | | <u>1,376,003</u> | |
| Total assets less current liabilities | | <u>5,241,093</u> | | <u>5,222,303</u> | |
| Creditors: amounts falling due after more than one year | 19 | (1,227,500) | | (1,473,108) | |
| Provisions for liabilities | 24 | (155,115) | | (141,289) | |
| Net assets | | <u>3,858,478</u> | | <u>3,607,906</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 26 | 5,000 | | 5,000 | |
| Revaluation reserve | 27 | 100,000 | | 100,000 | |
| Profit and loss reserves | 27 | 3,753,478 | | 3,502,906 | |
| Total equity | | <u>3,858,478</u> | | <u>3,607,906</u> | |

The financial statements were approved by the board of directors and authorised for issue on 2 August 2017 and are signed on its behalf by:



R P Hardie
Director

RICHARD HARDIE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | Share capital £ | Revaluation reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|--------------------------|-------------------------------|------------|
| Balance at 1 January 2015 | | 5,000 | 100,000 | 3,318,366 | 3,423,366 |
| Year ended 31 December 2015: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 304,540 | 304,540 |
| Dividends | 11 | - | - | (120,000) | (120,000) |
| Balance at 31 December 2015 | | 5,000 | 100,000 | 3,502,906 | 3,607,906 |
| Year ended 31 December 2016: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 370,572 | 370,572 |
| Dividends | 11 | - | - | (120,000) | (120,000) |
| Balance at 31 December 2016 | | 5,000 | 100,000 | 3,753,478 | 3,858,478 |

RICHARD HARDIE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|---|-------|-----------|---|-----------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 31 | 848,000 | | 106,162 | |
| Interest paid | | (56,588) | | (63,061) | |
| Income taxes paid | | (89,433) | | (94,980) | |
| Net cash inflow/(outflow) from operating activities | | 701,979 | | (51,879) | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (150,403) | | (42,246) | |
| Interest received | | - | | 268 | |
| Net cash used in investing activities | | (150,403) | | (41,978) | |
| Financing activities | | | | | |
| Cash (repayment of) / inflow from bank borrowings | | (211,545) | | 229,691 | |
| Payment of finance leases obligations | | (39,750) | | (46,528) | |
| Dividends paid | | (120,000) | | (120,000) | |
| Net cash (used in)/generated from financing activities | | (371,295) | | 63,163 | |
| Net increase/(decrease) in cash and cash equivalents | | 180,281 | | (30,694) | |
| Cash and cash equivalents at beginning of year | | (492,030) | | (461,336) | |
| Cash and cash equivalents at end of year | | (311,749) | | (492,030) | |
| Relating to: | | | | | |
| Cash at bank and in hand | | 1,690 | | 5,028 | |
| Bank overdrafts included in creditors payable within one year | | (313,439) | | (497,058) | |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Richard Hardie Limited is a private company limited by shares incorporated in England and Wales. The registered office is Trafford Road, Southwick, Sunderland, Tyne & Wear, SR5 2DA.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements contain information about Richard Hardie Limited as a single entity company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the directors consider that the company's subsidiary, Hailsham LLC, should be excluded from consolidation as it is not material for the purposes of giving a true and fair view.

Going concern

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

Turnover

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. i.e. Sale of new and used cars are recognised at invoice and the sale of parts are recognised when the goods have been distributed to the customer.

Revenue from workshop and body shop repairs is recognised when the service has been carried out.

Bonuses and commissions are recognised when entitlement is established.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------------------------------|----------------------|
| Land and buildings Freehold | 2% straight line |
| Land and buildings Leasehold | 5% straight line |
| Plant and machinery | 20% reducing balance |
| Fixtures, fittings and equipment | 20% reducing balance |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replacement parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit and loss as incurred.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold property is depreciated to write down the cost less estimated residual value over their remaining useful life by equal annual instalments. Where buildings are maintained to such a standard that their residual value is not less than their cost or valuation, no depreciation has been recognised in the financial statements as the amount is not significant.

Fixed asset investments

Interests in subsidiaries are measured at valuation. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying 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 profit or loss.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost incurred in bringing each product to its present location and condition is based on purchase price including handling costs less trade discounts.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

With regard to the consignment stocks, where supply agreements do not transfer the risks and rewards to the company until such time as the legal title actually passes at the end of the consignment period or the vehicle is registered, consignment stock is not included in the balance sheet.

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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 liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade payables, other payables and bank loans that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from the profit for the year because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets or are capitalised as an intangible fixed asset or a tangible fixed asset.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss 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. The assets of the scheme are held separately from those of the company in an independently administered fund.

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Lease categorisation

In categorising leases as either finance leases or operating leases, the directors make judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2016 £ | 2015 £ |
|---|-----------------------------|-----------------------------|
| Turnover analysed by class of business | | |
| Sale of goods and services | 50,703,449 | 47,137,735 |
| | <u> </u> | <u> </u> |
| Other revenue | | |
| Interest income | - | 268 |
| | <u> </u> | <u> </u> |
| Turnover analysed by geographical market | | |
| | 2016 £ | 2015 £ |
| United Kingdom | 50,703,449 | 47,137,735 |
| | <u> </u> | <u> </u> |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating profit

| | 2016 | 2015 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Depreciation of owned tangible fixed assets | 52,102 | 46,310 |
| Cost of stocks recognised as an expense | 43,691,705 | 40,675,354 |
| Operating lease charges | 353,085 | 382,120 |
| | <u> </u> | <u> </u> |

5 Auditor's remuneration

| | 2016 | 2015 |
|---|-------------------|-------------------|
| | £ | £ |
| Fees payable to the company's auditor and its associates: | | |
| For audit services | | |
| Audit of the company's financial statements | 13,600 | 13,200 |
| | <u> </u> | <u> </u> |
| For other services | | |
| All other non-audit services | 5,600 | 4,900 |
| | <u> </u> | <u> </u> |

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2016 Number | 2015 Number |
|-----------------------------|-------------------|-------------------|
| Office and management staff | 72 | 63 |
| Service staff | 39 | 37 |
| Parts staff | 13 | 13 |
| Directors | 2 | 3 |
| | <u> </u> | <u> </u> |
| | 126 | 116 |
| | <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | 2016 £ | 2015 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 3,230,322 | 2,817,196 |
| Social security costs | 354,884 | 304,483 |
| Pension costs | 73,118 | 66,719 |
| | <u> </u> | <u> </u> |
| | 3,658,324 | 3,188,398 |
| | <u> </u> | <u> </u> |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7 Directors' remuneration

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 236,000 | 306,924 |
| Company pension contributions to defined contribution schemes | - | 558 |
| | <u>236,000</u> | <u>307,482</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2015 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | | |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>118,000</u> | <u>152,736</u> |
|--------------------------------------|----------------|----------------|

8 Interest receivable and similar income

| | 2016 £ | 2015 £ |
|---------------------------|-----------|------------|
| Interest income | | |
| Interest on bank deposits | <u>-</u> | <u>268</u> |

9 Interest payable and similar expenses

| | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 53,266 | 58,953 |
| Other finance costs: | | |
| Interest on finance leases and hire purchase contracts | <u>3,322</u> | <u>4,108</u> |
| | <u>56,588</u> | <u>63,061</u> |

10 Taxation

| | 2016 £ | 2015 £ |
|--|---------------|----------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 73,641 | 89,433 |
| Adjustments in respect of prior periods | <u>-</u> | <u>41,482</u> |
| Total current tax | <u>73,641</u> | <u>130,915</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | <u>13,826</u> | <u>(1,799)</u> |
| Total tax charge | <u>87,467</u> | <u>129,116</u> |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation (Continued)

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Profit before taxation | 458,039 | 433,656 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%) | 91,608 | 87,815 |
| Tax effect of expenses that are not deductible in determining taxable profit | 7,533 | 9,882 |
| Permanent capital allowances in excess of depreciation | - | 6,472 |
| Other non-reversing timing differences | - | (17,684) |
| Deferred tax adjustments in respect of prior years | - | 1,799 |
| Tax at marginal rate | - | (650) |
| Adjustment in respect of previous periods | - | 41,482 |
| Adjustment to deferred tax rate | (11,674) | - |
| Taxation for the year | 87,467 | 129,116 |

11 Dividends

| | 2016 £ per share | 2015 £ per share | 2016 £ | 2015 £ |
|------------------------|---------------------|---------------------|-----------|-----------|
| Ordinary shares | | | | |
| Final paid | 24.00 | 24.00 | 120,000 | 120,000 |
| Total dividends | | | | |
| Final paid | | | 120,000 | 120,000 |

12 Intangible fixed assets

| | Goodwill £ |
|--|---------------|
| Cost | |
| At 1 January 2016 and 31 December 2016 | 100,000 |
| Amortisation and impairment | |
| At 1 January 2016 and 31 December 2016 | 100,000 |
| Carrying amount | |
| At 31 December 2015 and 31 December 2016 | - |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Tangible fixed assets

| | Land and buildings Freehold £ | Land and buildings Leasehold £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Total £ |
|------------------------------------|--|---|-----------------------------|---|------------|
| Cost or valuation | | | | | |
| At 1 January 2016 | 3,000,000 | 219,667 | 447,359 | 736,342 | 4,403,368 |
| Additions | - | - | 51,494 | 98,909 | 150,403 |
| At 31 December 2016 | 3,000,000 | 219,667 | 498,853 | 835,251 | 4,553,771 |
| Depreciation and impairment | | | | | |
| At 1 January 2016 | - | 54,136 | 392,644 | 635,288 | 1,082,068 |
| Depreciation charged in the year | - | 10,983 | 14,274 | 26,845 | 52,102 |
| At 31 December 2016 | - | 65,119 | 406,918 | 662,133 | 1,134,170 |
| Carrying amount | | | | | |
| At 31 December 2016 | 3,000,000 | 154,548 | 91,935 | 173,118 | 3,419,601 |
| At 31 December 2015 | 3,000,000 | 165,531 | 54,715 | 101,054 | 3,321,300 |

Freehold land and buildings with a carrying value of £3,000,000 were revalued during the year ended 31 December 2014 by Knight Frank LLP, chartered surveyors, on an existing use open market value basis, in accordance with the guidance notes of the Royal Institution of Chartered Surveyors. Knight Frank LLP are not connected to the company.

No depreciation is charged on revalued assets, as detailed within note 1 to these financial statements.

In the opinion of the directors, who have many years' expertise in the motor trade, the values of the properties at the balance sheet date have not significantly changed since the date of the above valuation.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

| | 2016 £ | 2015 £ |
|--------------------------|-----------|-----------|
| Cost | 2,918,435 | 2,918,435 |
| Accumulated depreciation | - | - |
| Carrying value | 2,918,435 | 2,918,435 |

Freehold land and buildings with a carrying amount of £3,000,000 (2015 - £3,000,000) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Fixed asset investments

| | Notes | 2016 £ | 2015 £ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 15 | 525,000 | 525,000 |

Fixed asset investments revalued

In respect of investments stated at valuation, the comparable historical cost is £518,308.

Movements in fixed asset investments

| | Shares £ |
|--------------------------------------|-------------|
| Cost or valuation | |
| At 1 January 2016 & 31 December 2016 | 525,000 |
| Carrying amount | |
| At 31 December 2016 | 525,000 |
| At 31 December 2015 | 525,000 |

15 Subsidiaries

These financial statements are separate company financial statements for Richard Hardie Limited.

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Details of the company's subsidiaries at 31 December 2016 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct Indirect |
|------------------------|-------------------|---------------------|----------------------|---------------------------|
| Hailsham LLC (dormant) | USA | Property investment | Ordinary | 100.00 |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking | Profit/(Loss) £ | Capital and Reserves £ |
|------------------------|--------------------|---------------------------|
| Hailsham LLC (dormant) | - | 525,000 |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Stocks

| | 2016 £ | 2015 £ |
|------------------------|------------------|------------------|
| Spares and accessories | 272,572 | 179,506 |
| Motor vehicles | 5,973,670 | 4,563,021 |
| | <u>6,246,242</u> | <u>4,742,527</u> |

17 Debtors

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 876,850 | 711,307 |
| Other debtors | 778,580 | 733,304 |
| Prepayments and accrued income | 232,651 | 134,343 |
| | <u>1,888,081</u> | <u>1,578,954</u> |

18 Creditors: amounts falling due within one year

| | Notes | 2016 £ | 2015 £ |
|------------------------------------|-------|------------------|------------------|
| Loans and overdrafts | 21 | 463,439 | 647,058 |
| Obligations under finance leases | 22 | 34,063 | 39,750 |
| Trade creditors | | 2,238,764 | 906,866 |
| Corporation tax | | 73,641 | 89,433 |
| Other taxation and social security | | 349,318 | 312,298 |
| Other creditors | | 3,402,293 | 2,768,851 |
| Accruals and deferred income | | 278,003 | 186,250 |
| | | <u>6,839,521</u> | <u>4,950,506</u> |

Included within loans and overdrafts are bank loans of £150,000 (2015: £150,000) which are secured against the freehold land and buildings of the company and an unlimited debenture. Bank overdrafts of £313,439 (2015: £197,058) are secured by a first legal charge over the freehold land and buildings of the company and an unlimited debenture.

Included within other creditors are amounts relating to manufacturer funding facilities £2,372,113 (2015: £2,085,141) which are secured over the vehicles to which they relate.

Hire purchase creditors of £34,063 (2015: £39,750) are secured on the vehicles to which they relate.

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Creditors: amounts falling due after more than one year

| | Notes | 2016 £ | 2015 £ |
|----------------------------------|-------|------------------|------------------|
| Loans and overdrafts | 21 | 1,200,000 | 1,411,545 |
| Obligations under finance leases | 22 | 27,500 | 61,563 |
| | | <u>1,227,500</u> | <u>1,473,108</u> |

Included within loans and overdrafts is a bank loan of £1,200,000 (2015: £1,350,000) secured over the freehold land and buildings of the company.

The hire purchase creditors of £27,500 (2015: £61,563) are secured on the vehicles to which they relate.

Loans and overdrafts of £600,000 (2015: £750,000) are due for repayment after more than five years from the balance sheet date and are payable by way of quarterly instalments and bear interest at a rate of 2.5% above LIBOR.

20 Financial instruments

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 1,655,430 | 1,449,639 |
| Equity instruments measured at cost less impairment | 525,000 | 525,000 |
| | <u>2,180,430</u> | <u>1,974,639</u> |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 7,582,499 | 6,021,883 |
| | <u>7,582,499</u> | <u>6,021,883</u> |

21 Borrowings

| | 2016 £ | 2015 £ |
|-------------------------|------------------|------------------|
| Bank loans | 1,350,000 | 1,500,000 |
| Bank overdrafts | 313,439 | 197,058 |
| Directors' loans | 300,000 | 300,000 |
| Other loans | 26,408 | 61,545 |
| | <u>1,989,847</u> | <u>2,058,603</u> |
| Payable within one year | 789,847 | 647,058 |
| Payable after one year | 1,200,000 | 1,411,545 |
| | <u>2,989,847</u> | <u>2,058,603</u> |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 Borrowings (Continued)

Overdrafts of £313,439 (2015: £197,058) are secured by a first legal charge over the freehold land and buildings of the company and an unlimited debenture. Bank overdrafts are annual facilities and are repayable on demand. Interest is payable on amounts owing at 2.25% per annum over base rate.

Bank borrowings of £1,350,000 (2015: £1,500,000) are secured against the freehold land and buildings of the company and an unlimited debenture. The rate of interest payable on the loan is LIBOR plus an interest margin of 2.5% per annum.

22 Finance lease obligations

| | 2016 | 2015 |
|---|---------------|----------------|
| | £ | £ |
| Future minimum lease payments due under finance leases: | | |
| Less than one year | 34,063 | 39,750 |
| Between one and five years | 27,500 | 34,063 |
| After five years | - | 27,500 |
| | <u>61,563</u> | <u>101,313</u> |

Finance lease payments represent rentals payable by the company for certain vehicles. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities 2016 | Liabilities 2015 |
|--------------------------------|---------------------|---------------------|
| Balances: | £ | £ |
| Accelerated capital allowances | <u>155,115</u> | <u>141,289</u> |
| Movements in the year: | | 2016 |
| | | £ |
| Liability at 1 January 2016 | | 141,289 |
| Charge to profit or loss | | <u>13,826</u> |
| Liability at 31 December 2016 | | <u>155,115</u> |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Provisions for liabilities

| | Notes | 2016 £ | 2015 £ |
|--------------------------|-------|----------------|----------------|
| Deferred tax liabilities | 23 | 155,115 | 141,289 |
| | | <u>155,115</u> | <u>141,289</u> |

25 Retirement benefit schemes

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 73,118 | 66,719 |
| | <u>73,118</u> | <u>66,719</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £5,453 (2015: £5,651) were payable to the fund at the year end and are included in creditors.

26 Share capital

| | 2016 £ | 2015 £ |
|----------------------------------|--------------|--------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 5,000 Ordinary shares of £1 each | 5,000 | 5,000 |
| | <u>5,000</u> | <u>5,000</u> |

The company's ordinary shares give the right to a share in the profits of the company and to vote at general meetings of the company.

27 Reserves

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings are recognised in profit or loss.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

28 Operating lease commitments

Lessee

The company's operating lease commitments are made up from the rent of the company's premises.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2016 £ | 2015 £ |
|----------------------------|------------------|------------------|
| Within one year | 531,250 | 350,000 |
| Between one and five years | 1,565,000 | 1,050,000 |
| In over five years | 2,416,314 | 1,332,877 |
| | <u>4,512,564</u> | <u>2,732,877</u> |

29 Controlling party

The company was under the control of Mr R P Hardie and Mr N R Hardie throughout the current and previous year by virtue of their majority shareholding.

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

| | 2016 £ | 2015 £ |
|------------------------|----------------|----------------|
| Aggregate compensation | <u>266,329</u> | <u>307,482</u> |

Transactions with related parties

During the year the company entered into the following transactions with related parties:

| | Rental payments | | Expenses | |
|--|-----------------|----------------|---------------|---------------|
| | 2016 £ | 2015 £ | 2016 £ | 2015 £ |
| Entities under common control | 252,000 | 250,000 | - | - |
| Entities over which the entity has control, joint control or significant influence | <u>-</u> | <u>-</u> | <u>18,158</u> | <u>31,077</u> |
| | <u>252,000</u> | <u>250,000</u> | <u>18,158</u> | <u>31,077</u> |

RICHARD HARDIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

30 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Amounts owed to related parties | | |
| Entities under common control | - | 40,000 |
| Key management personnel | 300,000 | 300,000 |
| | <u>300,000</u> | <u>340,000</u> |

During the year the directors received dividends totalling £120,000 (2015: £120,000).

No guarantees have been given or received.

31 Cash generated from operations

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Profit for the year after tax | 370,572 | 304,540 |
| Adjustments for: | | |
| Taxation charged | 87,467 | 129,116 |
| Finance costs | 56,588 | 63,061 |
| Investment income | - | (268) |
| Depreciation and impairment of tangible fixed assets | 52,102 | 46,310 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (1,503,715) | 14,042 |
| (Increase) in debtors | (309,127) | (290,364) |
| Increase/(decrease) in creditors | 2,094,113 | (160,275) |
| Cash generated from operations | <u>848,000</u> | <u>106,162</u> |