

Abbey Garages (Cardiff) Limited

Annual report and financial statements

Registered number 1403368

28 February 2017

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Strategic Report

Business review

The results for the year are shown in the profit and loss account on page 7 and show a loss before tax for the financial year of £211,042 (2016: profit: £222,354).

Revenue has increased during the year, although this has been slightly offset by a small reduction in margin percentage. Significant emphasis continues to be placed on fuel efficient, low CO2 vehicles. Both Volvo and Ford offer battery powered electric vehicles, and Volvo has recently announced that every new model that it launches from 2019 will have a battery electric version available in that model range. New products continue to be launched that reflect customers' movement towards innovative products with good fuel economy and reduced costs of motoring. The Transit commercial vehicle franchise continues to increase volumes in both vehicle sales and servicing, albeit with a small reduction in the Transit commercial parts operation. The new Transit centre opened at the beginning of November 2017. Mustang and Focus RS are products unique to the FordStore franchise and continued to perform well during the year.

Volumes in the Volvo car franchise have continued to improve. The aftermarket has performed in line with expectations, but a change to the trading policy in the used vehicle operation failed to produce the results expected and contributed heavily to the overall loss of the Company. A change in management has been made and the expectation is that the used vehicle operation will return to profit in the forthcoming year. Brand awareness for Volvo in the Company's area continues to grow and will be further enhanced with Cardiff being one of the visited ports in the prestigious round the world Volvo Ocean Race in 2017/18.

The performance of the MG franchise has unfortunately failed to meet management expectations and consequently the Company will no longer continue as a MG dealer. Volumes and revenues were low during the year resulting in the franchise trading again at a loss. The franchise ended on 30 June 2017. It is expected that this decision will have a positive impact of the performance of the Company.

In 2017 the Company once again won the Ford of Europe Chairman's Award for customer satisfaction; it is a tribute to the efforts and success of all of the staff involved in helping to achieve this prestigious award for an incredible thirteenth time and eighth in succession and the Directors wish to extend their thanks to all members of staff for the quality of their customer service and outstanding efforts during the year.

Strategy

The Company gives consideration to its short, medium and long term strategies. The Company has operated as a Franchised Motor Dealership for in excess of 37 years. During this time it has expanded the number of franchises that it holds to include Ford, Ford Commercial and Volvo.

The Company's short to medium term strategy is to develop these franchises to maximise its return from the existing operation and to seek further opportunities to add additional franchises or outlets where the Company considers such additions will enhance its returns.

The longer term strategy is for the Company to become the dominant force in the areas in which it operates for the franchises that it holds. To that end, it will seek to strengthen its market representation within its area of operation should such opportunities arise.

Strategic report *(continued)*

Principal risks and uncertainties

As with any business there are potential risks to its operation. The Company gives due consideration to what these may be and also the potential impact on its business.

The directors consider the principal risk to the business to be the uncertainty caused by the vote to leave the EU. At this point in time, the position is less clear, although some levelling of the market place has happened. Guidance from the Bank of England would suggest that this will result in a lower growth rate in the short term but not a recession and in the longer term it is not yet possible to forecast as much depends on the terms of Britain's exit and the Trade Agreements negotiated with both the EU and the new trading partners that will then be available to Britain.

The inflation rate is continuing to rise, and there are suggestions that there could be a small increase to the base rate of interest before the end of 2017. Whilst if such an increase happens the direct impact on the Company in respect of increased cost is manageable, a bigger concern would be the impact of rising interest rates on the levels of unsecured debt in the economy.

As with any business the potential for economic downturn presents uncertainty. The Company recognises the cyclical nature of the economy and makes investment decisions based on its assessment of the prospects for economic growth and the future demand for its products and services.

The Company sources its main products i.e. motor vehicles and motor vehicle parts primarily from the manufacturers of these products. As part of its ongoing reviews, the Company maintains a watch on the financial performance, viability and future prospects of its vehicle and parts suppliers. The Company is satisfied that its suppliers continue to invest in new products that enable the Company to achieve a satisfactory return on its investments in the brands that it represents.

By order of the Board



RJ Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

23rd November 2017

Directors' Report

The directors present their annual report and audited financial statements for the year ended 28 February 2017.

Principal activities

The principal activity of the company remained that of a motor dealer and repairer.

Dividends

The directors do not recommend the payment of a dividend (2016: £Nil).

Directors

The directors who held office during the year were as follows:

W M Barritt (died 1 December 2016)

R C Pugsley

Other information

An indication of likely future developments in the business has been included in the Strategic Report on page 1.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



RJ Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

23rd November 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 "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 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 judgments 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of Abbey Garages (Cardiff) Limited

We have audited the financial statements of Abbey Garages (Cardiff) Limited for the year ended 28 February 2017 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 "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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 company's affairs as at 28 February 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Abbey Garages (Cardiff) Limited

(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records 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.



Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

29 November 2017

Profit and loss account
for the year ended 28 February 2017


	Note	2017 £	2016 £
Turnover	2	60,562,992	57,920,229
Cost of sales		(55,160,596)	(52,581,747)
Gross profit		5,402,396	5,338,482
Distribution costs		(2,493,403)	(2,474,329)
Administrative expenses		(3,093,144)	(2,642,067)
Other operating income	3	190,176	132,432
Operating profit		6,025	354,518
Interest payable and similar expenses	7	(217,427)	(132,164)
(Loss)/profit before taxation	2-7	(211,402)	222,354
Tax on (loss)/profit	8	25,165	(65,813)
(Loss)/profit after taxation, being (loss)/profit for the financial year		(186,237)	156,541

The above results represent the comprehensive income of the company in both financial years (and relate entirely to continuing operations), and accordingly no statement of other comprehensive income has been presented.

Balance sheet
at 28 February 2017

	Note	2017	2016
		£	£
Fixed assets			
Tangible assets	9	3,362,435	3,134,260
Current assets			
Stocks	10	16,654,370	18,800,348
Debtors	11	1,935,831	2,252,604
Cash in hand and at bank		14,348	10,047
		<u>18,604,549</u>	<u>21,062,999</u>
Creditors: amounts falling due within one year	12	<u>(19,196,295)</u>	<u>(21,251,391)</u>
Net current liabilities		<u>(591,746)</u>	<u>(188,392)</u>
Total assets less current liabilities		<u>2,770,689</u>	<u>2,945,868</u>
Provisions for liabilities and charges	13	<u>(20,831)</u>	<u>(9,773)</u>
Net assets		<u><u>2,749,858</u></u>	<u><u>2,936,095</u></u>
Capital and reserves			
Called up share capital	14	600,000	600,000
Revaluation reserve	14	868,591	878,010
Profit and loss account		1,281,267	1,458,085
Shareholder's funds		<u><u>2,749,858</u></u>	<u><u>2,936,095</u></u>

These financial statements were approved by the board of directors on 23rd November 2017 and were signed on its behalf by:


RC Pugsley
Director

Statement of Changes in Equity
for the year ended 28 February 2017

	Called up Share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 March 2015	600,000	887,429	1,358,042	2,845,471
Profit or loss, being total comprehensive income for the year	-	-	156,541	156,541
Reversal of capital contribution due to lapse of share options	-	-	(65,917)	(65,917)
Transactions recorded directly in equity - depreciation on revaluation surplus transferred to profit and loss account	-	(9,419)	9,419	-
Balance at 29 February 2016	600,000	878,010	1,458,085	2,936,095
Balance at 1 March 2016	600,000	878,010	1,458,085	2,936,095
Profit or loss, being total comprehensive income for the period	-	-	(186,237)	(186,237)
Transactions recorded directly in equity - depreciation on revaluation surplus transferred to profit and loss account	-	(9,419)	9,419	-
Balance at 28 February 2017	600,000	868,591	1,281,267	2,749,858

Notes

(forming part of the financial statements)

1 Accounting policies

Abbey Garages (Cardiff) Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK (England and Wales).

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied.

The Company's ultimate parent undertaking, Penarth Commercial Properties (Holdings) Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Penarth Commercial Properties (Holdings) Limited are available to the public and may be obtained from 281 Penarth Road, Cardiff. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Penarth Commercial Properties (Holdings) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There are no judgements or estimates made by the directors in the application of these accounting policies that have a significant effect on the financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

Notwithstanding net current liabilities of £591,746, the financial statements have been prepared on the going concern basis. The company has obtained written confirmation of continuing financial support from the ultimate parent company, Penarth Commercial Properties (Holdings) Limited, effective for a period of at least 12 months from the date of approval of the financial statements. In addition, the directors have prepared budgets and forecasts which indicate an improvement for 2017/18.

Bank facilities with HSBC are due for renewal in December 2017. The directors are not aware of anything to indicate that these facilities will not be renewed. As at 28 February 2017 the maximum facility available to the Group of which Abbey Garages (Cardiff) Limited is a member was £2,500,000, and the Group was within this limit.

Accordingly, the directors have concluded that the Company will continue in operational existence for the foreseeable future and for at least 12 months from the signing of these financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis of preparation.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments - trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Fixed assets and depreciation

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Deemed cost is applied for certain items held at a historic valuation, where deemed cost is permitted under FRS102 transitional arrangements. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings – 30 years
- plant and machinery – 2 to 10 years
- fixtures, fittings, tools and equipment – 4 to 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

1 Accounting policies (continued)

Interest payable

Interest payable and similar charges are recognised in profit or loss as they accrue, using the effective interest method.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of goods and services to customers during the year. Income is recognised when all significant risks and rewards of ownership have been transferred to the customer, which is generally on despatch of goods from the company or on the provision of services by the company.

2 Turnover

	2017 £	2016 £
Sale of goods	57,894,420	55,421,291
Rendering of services	2,668,572	2,498,938
	<u>60,562,992</u>	<u>57,920,229</u>

All turnover and (loss)/profit before taxation is derived from the UK and arises solely from the principal activity of the company.

3 Other operating income

	2017 £	2016 £
Performance awards and incentives	143,169	86,764
Other income	47,007	45,668
	<u>190,176</u>	<u>132,432</u>

4 Auditor's remuneration

	2017 £	2016 £
Audit of these financial statements	13,150	13,400
Tax compliance services	3,475	3,225
	<u>16,625</u>	<u>16,625</u>

5 Remuneration of directors

No director received any remuneration from the company in either year. Certain directors of the company were paid by other members of the group of which the company is a member. Amounts receivable by these directors in respect of qualifying services provided to the company were estimated to be £59,077 (2016: £61,814).

Notes (continued)

6 Staff numbers and costs

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

	Number of employees	
	2017	2016
Management	12	11
Administration	27	25
Service and sales staff	99	98
	<u>138</u>	<u>134</u>

The payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	2,906,664	2,847,147
Social security costs	315,973	302,377
Pension costs (see note 17)	18,565	18,114
	<u>3,241,202</u>	<u>3,167,638</u>

7 Interest payable and similar expenses

	2017	2016
	£	£
Manufacturer standard vehicle stocking plans	217,405	129,089
Other interest	22	3,075
	<u>217,427</u>	<u>132,164</u>

Notes (continued)

8 Taxation

	2017 £	2016 £
Current tax		
Adjustments in respect of previous years	(65)	-
UK corporation tax on profits for the year	-	15,042
Group relief	(36,158)	43,383
Total current tax (credit)/charge	(36,223)	58,425
Deferred tax (note 13)		
Adjustments in respect of previous years	864	-
Origination and reversal of timing differences	10,194	7,388
	11,058	7,388
Total tax (all recognised in the profit and loss account)	(25,165)	65,813
Reconciliation of effective tax rate		
	2017 £	2016 £
(Loss)/profit before tax	(211,402)	222,354
(Loss)/profit before tax multiplied by UK tax rate of corporation tax of 20.0% (2016: 20.08%)	(42,280)	44,649
Effects of:		
Adjustments in respect of previous years	799	-
Expenses not deductible for tax purposes	2,735	5,718
Depreciation on assets not eligible for capital allowances	16,076	16,626
Difference in tax rates	(2,495)	(1,180)
Total tax (credit)/charge	(25,165)	65,813

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 28 February 2017 has been calculated based on these rates.

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings tools and equipment	Total
	£	£	£	£
Cost or valuation				
At beginning of year	3,978,075	518,901	816,269	5,313,245
Additions	269,941	32,187	105,166	407,294
Disposals	-	(42,758)	-	(42,758)
At end of year	4,248,016	508,330	921,435	5,677,781
Analysis				
Assets at cost	2,748,016	508,330	921,435	4,177,781
Assets at deemed cost	1,500,000	-	-	1,500,000
	4,248,016	508,330	921,435	5,677,781
Depreciation				
At beginning of year	1,124,768	456,454	597,763	2,178,985
Disposals	-	(42,758)	-	(42,758)
Charge for year	78,001	35,044	66,074	179,119
At end of year	1,202,769	448,740	663,837	2,315,346
Net book value				
At 28 February 2017	3,045,247	59,590	257,598	3,362,435
At 29 February 2016	2,853,307	62,447	218,506	3,134,260

The freehold premises, included above at deemed cost, were professionally valued by Messrs Cooke and Arkwright on an existing use open market basis in a report dated 19 April 1989. Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost. The amount of freehold land and buildings (included above at a revaluation) determined according to the historical cost accounting rules is as follows:

	2017 £	2016 £
Cost	446,416	446,416
Depreciation	(352,865)	(342,618)
	<u>93,551</u>	<u>103,798</u>

Included within freehold land and buildings is land amounting to £1,286,812 (2016: £1,286,812) which is not depreciated.

Notes (continued)

10 Stocks

	2017 £	2016 £
Motor vehicles	16,279,724	18,427,192
Motor vehicle parts	345,242	345,449
Oil and sundry	29,404	27,707
	<u>16,654,370</u>	<u>18,800,348</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £55,160,596 (2016: £52,581,747). The write-down of stocks to net realisable value amounted to £nil (2016: £nil).

11 Debtors

	2017 £	2016 £
Trade debtors	796,396	801,064
Amounts owed by group undertakings	299,781	565,945
Other debtors	745,532	776,565
Prepayments and accrued income	94,058	109,030
Corporation tax	64	-
	<u>1,935,831</u>	<u>2,252,604</u>

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank overdraft	1,342,393	1,415,797
Trade creditors	16,626,295	18,530,823
Amounts owed to group undertakings in respect of group relief	93,703	129,861
Other creditors, including taxes and social security:		
Other creditors	101,075	110,962
Corporation tax	-	15,042
Other taxes and social security	85,706	94,045
Accruals and deferred income	947,123	954,861
	<u>19,196,295</u>	<u>21,251,391</u>

Notes (continued)

13 Provisions for liabilities and charges: deferred tax assets and liabilities

	Deferred Taxation £
Liability at beginning of year	9,773
Charged to profit and loss during the year	11,058
	<hr/>
Liability at end of year	20,831
	<hr/>

The amounts provided for deferred taxation are set out below:

	2017 Amount provided liability/(asset) £	2016 Amount provided liability/(asset) £
Difference between accumulated depreciation and capital allowances	26,392	15,509
Other timing differences	(5,561)	(5,736)
	<hr/>	<hr/>
	20,831	9,773
	<hr/>	<hr/>

14 Capital and reserves

	2017 £	2016 £
Share capital		
<i>Allotted, called up and fully paid</i>		
600,000 ordinary shares of £1 each	600,000	600,000
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Revaluation reserve

Where tangible fixed assets are revalued, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

15 Commitments

At the year end there were no capital commitments (2016: £nil).

The company has no commitments under non-cancellable operating leases (2016: nil).

16 Contingent liabilities

The company is contingently liable, together with its ultimate parent and certain fellow subsidiary undertakings, for an unlimited multilateral guarantee in respect of the net position of the group's bank overdrafts and cash balances. The net liability at 28 February 2017 was £Nil (2016: £Nil).

Notes (continued)

17 Pension scheme

The company participates in the Penarth Commercial Properties Limited group pension scheme. The scheme is a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. At the year end, outstanding contributions payable to the scheme were £7,425 (2016: £11,180). The pension charge represents the following contributions payable by the company during the year:

	2017 £	2016 £
Contributions payable into group fund (note 6)	<u>18,565</u>	<u>18,114</u>

18 Related party transactions

As the company is a wholly owned subsidiary of Penarth Commercial Properties (Holdings) Limited, the company has taken advantage of the exemption contained in FRS102 and has therefore not disclosed transactions or balances with other 100% owned entities which form part of the group.

19 Ultimate parent company and controlling party

The company's ultimate parent is Penarth Commercial Properties (Holdings) Limited, a company registered in Wales. Its immediate parent undertaking is Penarth Commercial Properties Limited, a company registered in Wales. The largest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties (Holdings) Limited. The smallest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties Limited. The consolidated accounts of these companies are available to the public and may be obtained from their registered office: Ford House, 281 Penarth Road, Cardiff.

The ultimate controlling party is considered to be Roger Pugsley by virtue of his 100% shareholding in Penarth Commercial Properties (Holdings) Limited.