

John Grose Group Limited

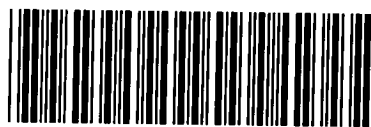
Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 01491537

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COMPANIES HOUSE

John Grose Group Limited

Company Information

Directors	I R Twinley D J Grose R Walton P Smith R Howard
Company secretary	P Smith
Registered number	01491537
Registered office	Whapload Road Lowestoft Suffolk NR32 1NN
Independent auditor	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

John Grose Group Limited

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John Grose Group Limited

Group strategic report For the year ended 31 December 2018

The board present the strategic report for the period.

Business review

I am pleased to report pre-tax profits of £1.6 million and group turnover of £166 million. Turnover was down some 4% which followed the new car market fall of some 6.8%. The financial results continue to be ahead of the Ford composite average.

The UK new car market in 2018 reached just over 2.3 million units. The market was down over 6% for a second year in a row, with a decline in diesel vehicles sales of almost 30%. The Commercial vehicle van market often seen as a barometer for the economy was more resilient falling just over 1%, reaching just over 357,000 units.

The demand for used cars remained stable with values holding up well throughout the year. Depreciation levels remained fairly steady throughout the year despite the continued high levels of new vehicle supply and pre-registration activity.

Competition in the Aftersales side of the businesses between franchised and non-franchised service outlets continues to be fuelled by aggressive pricing in wholesale parts distribution by Manufacturers and non-OEM suppliers competing for the older vehicle parc. Both Ford and PSA continue to restructure their parts distribution models which is making it less attractive for the franchised dealer and therefore a sector that we will reduce our activity. In the retail sector we are all seeing a huge transformation in small package distribution driven by the digital revolution which is likely to continue for some while yet and have further impact on OEM parts distribution.

Following the retirement of our Managing Director in March of 2018, we made a number of senior Management changes which I have no doubt has strengthened the business for the longer term.

Strategic outlook

Economic certainty and financial market stability are hugely important for consumer confidence when related to significant purchases like motor vehicles. We have witnessed another year of constant political infighting since the 2016 election, along with continuing disruptive party politics which provides the media a continuous source of material that fuels instability. The ongoing debate on the Brexit and the possible outcomes is rarely out of headline reporting adding further to economic uncertainty. Despite record low unemployment and positive economic growth we are seeing a continuing decline in the new car market.

Availability of funding appears to be good, with low interest rate levels forecast for the medium term. Financial Institutions continue to treat motor vehicles as good safe hard assets.

All indicators suggest continued upward pressure on employment costs with the effect of higher pension contribution costs, a desire to move to the living wage and the general shortage of relevant skilled personnel available in the sector.

The Company has taken a number of actions to prepare for a no Brexit deal which includes significantly increasing new vehicles stocks held at our 12-acre vehicle compound. We are holding additional stock of the most common parts to meet routine vehicle servicing. Additional headroom on funding will be in place to meet any volatility in cash flow. Slower moving stocks have been reduced in the event of a short term down turn. The management team in place have the experience and learnings from managing through the 2008/2009 financial crisis and are very well positioned to manage any Brexit related disruption in the coming months.

John Grose Group Limited

Group strategic report (continued) For the year ended 31 December 2018

Gender Pay

It is widely known that the automotive sector has historically been male dominated, John Grose is no exception to this. We hugely value our employees and our pay plans ensure that same roles are paid equally regardless of gender, as per UK law. At John Grose we are determined to redress the gender balance but given the low turnover of staff we recognise that this will take time. We are proud to have long serving employees and robust succession planning which is critical to achieving high levels of employee satisfaction and in turn the highest levels of customer satisfaction. However this does work against the number of opportunities to redress the gender balance. It is worthy of note that we are making good progress in the gender balance when hiring service advisors, new trainees and apprentices.

Other highlights

Staff turnover at John Grose in 2018 was in the range of 15-20% versus the motor retail industry average of around 30%. We continue to increase the number apprentice & trainee positions within the organisation.

Customer satisfaction results for last year were once again outstanding across all departments. I am hugely proud of the desire to serve culture that has been created in our business over time. It is a real pleasure for all of us to receive continuous positive feedback on the experience that customers have in our business.

John Grose continues to support many of the colleges and schools in Suffolk. We provide a number of vehicles to the colleges for the students to work on. In addition, a large number of school and college students participate in work experience at John Grose locations. With the support of many of our staff and several other large businesses we were proud to be part of the fifth Suffolk Skills show event in October. This careers event was a great success with over 5,000 young people engaging with around 150 Suffolk based businesses, participating in many have-a-go activities. I am honoured to have recently been elected as President of the joint Norfolk & Suffolk skills shows for a three-year term.

We are proud to support the military through our involvement with the reserve forces and cadets in East Anglia. We have a number of ex-military personnel and adult cadet instructors within our staff and I also have the privilege of being the Chairman of the East Anglia Reserve Forces and Cadets Association.

Financial Overview

Overall Financial Result

	2018 £000	2017 £000	Change %
Turnover	166,454	172,852	-3.7
Operating profit	1,741	2,623	-33.6
Interest net	(109)	(115)	
Profit before tax	1,632	2,508	-34.9
Tax	(355)	(538)	
Profit after tax	1,277	1,970	-35.2

John Grose Group Limited

Group strategic report (continued) For the year ended 31 December 2018

Dividends

Given the uncertainties surrounding Brexit, the Board of Directors recommended that no dividend be paid in respect of the 2018 financial period.

On behalf of the shareholders I will once again congratulate the entire management team along with the all of the staff on another year of sound financial results and tremendous customer satisfaction results.

On a personal note I would like to thank the University of Suffolk for the Honorary Fellowship presented to me in October of last year, this recognition is a credit to the staff and the role they play in the success of our business in the community.

This report was approved by the board on 28 March 2019 and signed on its behalf.



.....
I R Twinley
Director

John Grose Group Limited

Directors' report For the year ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and the Group and 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activities of the group are those of motor distributors and engineers.

Results and dividends

The profit for the year, after taxation, amounted to £1,277,000 (2017 - £1,970,000).

No dividends were proposed for the year.

Directors

The directors who served during the year were:

I R Twinley
D J Grose
R Walton
P Smith
A B Leith (resigned 29 March 2018)
R Howard

Future developments

The directors expect the market to remain extremely competitive in the coming year. The directors believe that they have taken appropriate measures to retain the profitability of the group for the foreseeable future.

John Grose Group Limited

Directors' report (continued) For the year ended 31 December 2018

Financial instruments

The group's treasury activities are operated within policies and procedures approved by the Board, which include defined controls on the use of financial instruments managing the group's risk.

The group finances its operations by a mixture of retained profits, cash and short term loans at prevailing market interest rates. The group is therefore exposed to price risk which it manages by actively managing and reviewing cash flow forecasts.

The group seeks to ensure there is short term flexibility by the availability of overdraft facilities and short term loans.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies having regard to their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Matters covered in the strategic report

Information previously included in the directors' report in respect of the business review, key performance indicators and principal risks and uncertainties can now be found in the strategic report under S414C(11).

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

This report was approved by the board on 28 March 2019 and signed on its behalf.



.....
P Smith
Secretary

John Grose Group Limited

Independent auditors' report to the members of John Grose Group Limited

Opinion

We have audited the financial statements of John Grose Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the consolidated statement of profit and loss account, consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) .

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

John Grose Group Limited

Independent auditors' report to the members of John Grose Group Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

John Grose Group Limited

Independent auditors' report to the members of John Grose Group Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Keith Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Ipswich
United Kingdom

28 March 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

John Grose Group Limited

Consolidated profit and loss account For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	166,454	172,852
Cost of sales		(147,890)	(153,057)
GROSS PROFIT		18,564	19,795
Distribution costs		(12,489)	(12,738)
Administrative expenses		(4,649)	(4,753)
Other operating income		315	319
OPERATING PROFIT	5	1,741	2,623
Interest payable and similar charges		(90)	(83)
Other finance costs	9	(19)	(32)
PROFIT BEFORE TAX		1,632	2,508
Tax on profit	10	(355)	(538)
PROFIT FOR THE FINANCIAL YEAR		1,277	1,970
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		1,277	1,970
		1,277	1,970

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Consolidated statement of comprehensive income For the year ended 31 December 2018

	2018 £000	2017 £000
Consolidated income statement	1,277	1,970
OTHER COMPREHENSIVE INCOME		
Actuarial (loss)/gain on defined benefit schemes	(184)	37
Movement on deferred tax relating to pension gains/(losses)	31	(4)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(153)	33
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,124	2,003

The notes on pages 19 to 39 form part of these financial statements.

All comprehensive income for the year is attributable to owners of the parent Company.

John Grose Group Limited

Registered number: 01491537

Consolidated statement of financial position As at 31 December 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Tangible assets	11	23,545	21,852
		<u>23,545</u>	<u>21,852</u>
CURRENT ASSETS			
Stocks	13	43,550	35,242
Debtors: amounts falling due within one year	14	5,096	7,126
Cash at bank and in hand	15	106	103
		<u>48,752</u>	<u>42,471</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(44,203)	(36,310)
		<u>4,549</u>	<u>6,161</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,094</u>	<u>28,013</u>
Creditors: amounts falling due after more than one year	17	(1,146)	(1,744)
PROVISIONS FOR LIABILITIES			
Deferred tax		(114)	(112)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>26,834</u>	<u>26,157</u>
Pension liability	20	(805)	(902)
NET ASSETS		<u><u>26,029</u></u>	<u><u>25,255</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	501	501
Share premium account	21	1,683	1,683
Revaluation reserve	21	3,764	3,813
Profit And Loss Account	21	20,081	19,258
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		<u><u>26,029</u></u>	<u><u>25,255</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

28/3/19



I R Twinley
Director

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Registered number: 01491537

Company statement of financial position As at 31 December 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Tangible assets	11	23,545	21,852
Investments	12	51	51
		<u>23,596</u>	<u>21,903</u>
CURRENT ASSETS			
Stocks	13	43,550	35,242
Debtors: amounts falling due within one year	14	5,096	7,126
Cash at bank and in hand	15	106	103
		<u>48,752</u>	<u>42,471</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(44,254)	(36,361)
		<u>4,498</u>	<u>6,110</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,094</u>	<u>28,013</u>
Creditors: amounts falling due after more than one year	17	(1,146)	(1,744)
PROVISIONS FOR LIABILITIES			
Deferred tax		(114)	(112)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>26,834</u>	<u>26,157</u>
Pension liability		(805)	(902)
NET ASSETS		<u><u>26,029</u></u>	<u><u>25,255</u></u>

John Grose Group Limited


Registered number: 01491537

Company statement of financial position (continued) As at 31 December 2018

	Note	2018 £000	2017 £000
CAPITAL AND RESERVES			
Called up share capital	22	501	501
Share premium account	21	1,683	1,683
Revaluation reserve	21	3,764	3,813
Profit and loss account	21	20,081	19,258
		<u>26,029</u>	<u>25,255</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements. The profit after tax of the parent Company for the year was £1,264,000 (2017 - £1,970,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



28/3/19

I R Twinley
Director

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Consolidated statement of changes in equity For the year ended 31 December 2018

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	501	1,683	3,813	19,258	25,255
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,277	1,277
Actuarial losses on pension scheme	-	-	-	(184)	(184)
Deferred tax movements	-	-	-	31	31
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(153)	(153)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	1,124	1,124
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Dividends: Equity capital	-	-	-	(350)	(350)
Transfer to/from profit and loss account	-	-	(49)	49	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(49)	(301)	(350)
AT 31 DECEMBER 2018	501	1,683	3,764	20,081	26,029

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Consolidated statement of changes in equity For the year ended 31 December 2017

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	501	1,683	3,862	17,857	23,903
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,970	1,970
Actuarial gains on pension scheme	-	-	-	37	37
Deferred tax movements	-	-	-	(4)	(4)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	33	33
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	2,003	2,003
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Dividends: Equity capital	-	-	-	(651)	(651)
Transfer to/from profit and loss account	-	-	(49)	49	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(49)	(602)	(651)
AT 31 DECEMBER 2017	501	1,683	3,813	19,258	25,255

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Company statement of changes in equity For the year ended 31 December 2018

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	501	1,683	3,813	19,258	25,255
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,277	1,277
Actuarial losses on pension scheme	-	-	-	(184)	(184)
Deferred tax movements	-	-	-	31	31
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(153)	(153)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	1,124	1,124
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Dividends: Equity capital	-	-	-	(350)	(350)
Transfer to/from profit and loss account	-	-	(49)	49	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(49)	(301)	(350)
AT 31 DECEMBER 2018	501	1,683	3,764	20,081	26,029

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Company statement of changes in equity For the year ended 31 December 2017

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	501	1,683	3,862	17,857	23,903
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,970	1,970
Actuarial gains on pension scheme	-	-	-	37	37
Deferred tax movements	-	-	-	(4)	(4)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	33	33
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	2,003	2,003
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Dividends: Equity capital	-	-	-	(651)	(651)
Transfer to/from profit and loss account	-	-	(49)	49	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(49)	(602)	(651)
AT 31 DECEMBER 2017	501	1,683	3,813	19,258	25,255

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Consolidated statement of cash flows For the year ended 31 December 2018

	2018 £000	2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,277	1,970
ADJUSTMENTS FOR:		
Depreciation of tangible assets	946	857
(Gain) on disposal of tangible assets	(183)	(115)
(Increase) in stocks	(8,177)	(4,762)
Decrease/(increase) in debtors	2,008	(428)
Increase in creditors	10,733	2,832
Interest payable	90	83
Taxation charge	355	538
Corporation tax paid	(339)	(655)
Defined benefit pension contributions	(300)	(450)
Finance charges	19	32
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,429	(98)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(2,895)	(977)
Sale of tangible fixed assets	444	161
NET CASH FROM INVESTING ACTIVITIES	(2,451)	(816)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayments	(598)	(598)
Dividends paid	(350)	(651)
Interest paid	(94)	(79)
NET CASH USED IN FINANCING ACTIVITIES	(1,042)	(1,328)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,936	(2,242)
Cash and cash equivalents at beginning of year	(3,431)	(1,189)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	(495)	(3,431)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	106	103
Bank overdrafts	(601)	(3,534)
	(495)	(3,431)

The notes on pages 19 to 39 form part of these financial statements.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

1. General information

John Grose Group Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the Company information page and the nature of the group's operations and its principal activities are set out in the directors report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared 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 the Companies Act 2006.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group and company management to exercise judgement in applying the company's accounting policies (see note 3).

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available under FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

Despite the economic uncertainties in the wider market, primarily related to BREXIT, the Directors are satisfied that it remains appropriate to prepare these financial statements on a going concern basis. For details of the considerations made please see the Strategic Report.

2.4 Turnover

Turnover is measured at invoice price, excluding value added taxes, and comprises the sale of goods and services.

Turnover from the sale of goods principally comprises the sale of new and used vehicles, parts, and other goods. Turnover from the sale of goods are recognised when substantially all risks and rewards are transferred to the customer, which is generally at the time of delivery to the customer.

Turnover from services principally comprises the sale of vehicle repairs and services, and from vehicle rentals. Turnover from services are recognised as at the time the service is performed.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Long leasehold property	-	2% straight line
Motor vehicles	-	24% to 40% straight line
Plant and equipment	-	10% to 20% straight line
Computer equipment	-	33% straight line

Depreciation is made on assets held for long lease hire by reducing the carrying value to the lower of cost or trade residual values.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Valuation of investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks include invoiced new vehicles held by manufacturers to the order of the group. In the case of used vehicles, net realisable value is assessed by reference to trade values. In the case of parts stock, the parts are valued at average cost.

Consignment vehicles are new unregistered vehicles owned by the manufacturers. New consignment vehicles are included as an asset in the balance sheet at consignment value where they are bearing a finance charge at the balance sheet date. New consignment vehicles which are not bearing a finance charge are not included as an asset in the balance sheet.

Vehicles which are subject to repurchase agreements are included in stock at the lower of the anticipated repurchase price and net realisable value, with the associated liability in creditors.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.9 Financial instruments

The group only enters into basic financial instruments 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, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 profit and loss account.

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 liability simultaneously.

2.10 Debtors

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

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.12 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.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Pensions

Defined contribution pension plan

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

The contributions are charged to the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

Defined benefit pension scheme

The group operates a defined benefit pension scheme which was closed to new members on 31 December 2000. The assets are held separately from the group in an independently administered fund, and any deficit is included in the accounts as a liability.

The contributions made during the year are treated as an increase in the scheme assets. The charge to the profit and loss account is the net interest on the liability, calculated using the discount rate on the average liabilities, adjusted for benefits paid in the year.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. When deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

Taxation

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Pensions

The liability recognised in the balance sheet in respect of the group's retirement benefit obligations represents the liabilities of the group's defined benefit pension schemes after deduction of the fair value of the related assets. The schemes' liabilities are derived by estimating the ultimate cost of benefits payable by the schemes and reflecting the discounted value of the proportion accrued by the year end in the balance sheet. In order to arrive at these estimates, a number of key financial and non-financial assumptions are made by management, changes to which could have a material impact upon the net deficit and also the net cost recognised in the profit and loss account. The principal assumptions relate to the rate of inflation, mortality and the discount rate. The assumed rate of inflation is important because this affects the rate at which salaries grow and therefore the size of the pension that employees receive upon retirement. Over the longer term, rates of inflation can vary significantly.

The overall benefits payable by the schemes will also depend upon the length of time that members of the schemes live for; the longer they remain alive, the higher the cost of the pension benefits to be met by the schemes. Assumptions are made regarding the expected lifetime of the schemes' members, based upon recent national experience. However, given the rates of advance in medical science, it is uncertain whether these assumptions will prove to be accurate in practice.

The rate used to discount the resulting cash flows is equivalent to the market yield at the statement of financial position date on UK government securities with a similar duration to the schemes liabilities. This rate is potentially subject to significant variation. The net cost recognised in the profit and loss account is also affected by the return on the schemes' assets. The impact of the pension estimates on the group's accounts can be seen in note 20.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Sale of goods	159,664	166,331
Provision of services	6,790	6,521
	<u>166,454</u>	<u>172,852</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Depreciation of tangible fixed assets	946	857
Profit on disposal of fixed assets	(183)	(115)
Defined contribution pension cost	800	890
Operating lease rentals - plant	125	97
Operating lease rentals - land & buildings	106	108
	<u>106</u>	<u>108</u>

6. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	39	34
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	4	3

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £000	Group 2017 £000
Wages and salaries	10,436	10,559
Social security costs	1,080	1,119
Cost of defined contribution scheme	800	890
	<u>12,316</u>	<u>12,568</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Management	56	57
Administration, sales, engineering staff	357	357
	<u>413</u>	<u>414</u>

Full-time equivalent staff numbers

	2018 No.	2017 No.
Management	54	56
Administration, sales, engineering staff	317	315
	<u>371</u>	<u>371</u>

All employees and related costs for the group are from the parent company.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	681	831
Directors pension costs - money purchase schemes	104	102
Sums paid to 3rd parties for directors services	6	6
	<u>791</u>	<u>939</u>

During the year retirement benefits were accruing to 3 directors (2017 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £325,000 (2017 - £326,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £42,000 (2017 - £42,000).

During the year, the company paid dividends to directors amounting to £321,000 (2017 - £597,000).

9. Other finance costs

	2018 £000	2017 £000
Net interest on net defined benefit deficit	<u>(19)</u>	<u>(32)</u>

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

10. Taxation on profit on ordinary activities

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	300	429
Total current tax	<u>300</u>	<u>429</u>
Deferred tax		
Origination and reversal of timing differences	53	80
Deferred tax on defined benefit pension scheme	5	8
Accelerated capital allowances	(3)	21
Total deferred tax	<u>55</u>	<u>109</u>
Taxation on profit on ordinary activities	<u>355</u>	<u>538</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>1,632</u>	<u>2,508</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	310	483
Effects of:		
Expenses not deductible for tax purposes	4	6
Adjustments under defined benefit pension schemes	10	53
Tax credited to Other comprehensive income	31	(4)
Total tax charge for the year	<u>355</u>	<u>538</u>

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

11. Tangible fixed assets

Group and Company

	Land and buildings £000	Motor vehicles £000	Plant & equipment, computer equipment £000	Total £000
Cost or valuation				
At 1 January 2018	20,885	1,442	4,379	26,706
Additions	1,469	779	653	2,901
Disposals	-	(663)	(58)	(721)
At 31 December 2018	22,354	1,558	4,974	28,886
Depreciation				
At 1 January 2018	826	649	3,379	4,854
Charge for the year on owned assets	252	317	377	946
Disposals	-	(402)	(57)	(459)
At 31 December 2018	1,078	564	3,699	5,341
Net book value				
At 31 December 2018	21,276	994	1,275	23,545
At 31 December 2017	20,059	793	1,000	21,852

The net book value of land and buildings may be further analysed as follows:

	2018 £000	2017 £000
Freehold	19,749	18,498
Long leasehold	1,527	1,561
	21,276	20,059

Freehold amounting to £7,428,000 is included at a valuation as of November 2016. All other properties were valued on an existing use basis at 31 December 2014. This valuation became the deemed cost for FRS102 by rolling back the valuation to 2013.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

11. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2018 £000	2017 £000
Group		
Cost	20,079	18,610
Accumulated depreciation	(2,567)	(2,364)
Net book value	<u>17,512</u>	<u>16,246</u>

12. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
John Grose (Kings Lynn) Limited	Ordinary	100 %	Dormant
S R Wills Limited	Ordinary	100 %	Dormant
GVS Limited	Ordinary	100 %	Dormant

The registered office of all subsidiary undertakings is Whapload Road, Lowestoft, Suffolk, NR32 1NN.

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	51
At 31 December 2018	<u>51</u>
Net book value	
At 31 December 2018	<u>51</u>
At 31 December 2017	<u>51</u>

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

13. Stocks

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
New and used vehicles	41,690	33,131	41,690	33,131
Consignment stock	395	263	395	263
Parts and other stock	1,465	1,848	1,465	1,848
	<u>43,550</u>	<u>35,242</u>	<u>43,550</u>	<u>35,242</u>

Stock recognised in cost of sales during the year as an expense was £149,414,000 (2017 - £154,656,000).

Consignment stock

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Consignment stock excludes vehicles which are not bearing a finance charge at the balance sheet date amounting to	2,996	3,382	2,996	3,382

These vehicles are allocated to the dealer but are still owned by the manufacturer. No deposit has been made and no charges are being paid.

14. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	2,773	4,843	2,773	4,843
Other debtors	1	104	1	104
Prepayments and accrued income	2,177	2,012	2,177	2,012
Deferred taxation	145	167	145	167
	<u>5,096</u>	<u>7,126</u>	<u>5,096</u>	<u>7,126</u>

The deferred tax asset relates to the deficit on the deferred benefit pension scheme. Of this amount £88,000 (2017 - £110,000) will reverse in more than one year.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

15. Cash and cash equivalents

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	106	103	106	103
Less: bank overdrafts	(601)	(3,534)	(601)	(3,534)
	(495)	(3,431)	(495)	(3,431)

16. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank overdrafts	601	3,534	601	3,534
Bank loans	598	598	598	598
Trade creditors	40,633	29,900	40,633	29,900
Amounts owed to group undertakings	-	-	51	51
Corporation tax	60	99	60	99
Other taxation and social security	438	233	438	233
Other creditors	643	459	643	459
Accruals and deferred income	1,230	1,487	1,230	1,487
	44,203	36,310	44,254	36,361

Included in trade creditors is an amount of £36,053,000 (2017 - £25,532,000) in respect of new vehicle stock.

Included in accruals and deferred income are pension contributions unpaid of £12,900 (2017 - £11,500).

Bank loans of £598,000 (2017 - £598,000) is secured on freehold assets in the group.

17. Creditors: Amounts falling due after more than one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank loans	1,146	1,744	1,146	1,744

Long-term debt of £1,146,000 (2017 - £1,744,000) is secured on freehold assets in the group.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

18. Financial instruments

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>2,880</u>	<u>5,050</u>	<u>2,880</u>	<u>5,050</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(44,851)</u>	<u>(37,721)</u>	<u>(44,902)</u>	<u>(37,772)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash at bank.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, group creditors, other creditors and accruals.

Financial liabilities include long-term debt of £2,940,000 repayable over 5 years in monthly instalments of £49,833. Interest shall accrue per annum.

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

19. Deferred taxation

Group and Company

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
At beginning of year	55	168	55	168
Charged to profit or loss	(55)	(109)	(55)	(109)
Credited to other comprehensive income	31	(4)	31	(4)
	<u>31</u>	<u>55</u>	<u>31</u>	<u>55</u>

The deferred taxation balance is made up as follows:

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Accelerated capital allowances	(139)	(134)	(139)	(134)
Pension asset	145	167	145	167
Other timing differences	25	22	25	22
	<u>31</u>	<u>55</u>	<u>31</u>	<u>55</u>

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Comprising:				
Deferred tax asset	145	167	145	167
Deferred tax liability	(114)	(112)	(114)	(112)
	<u>31</u>	<u>55</u>	<u>31</u>	<u>55</u>

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

20. Pension commitments

The group operates defined contributions pension schemes.

The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £800,000 (2017 - £890,000). Included within creditors at the year end are pension contributions unpaid of £12,900 (2017 - £11,500).

The group operates a defined benefit pension scheme.

The defined benefit scheme has been closed to new members since 31 December 2000. The assets are held separately from the group in an independently administered fund, and any deficit is included in the accounts as a liability in accordance with Financial Reporting Standard 102. The most recent full funding assessment was at 5 April 2016. There has been no change to the benefit structure since the last funding assessment. The method used to obtain the present value of the scheme liabilities was to adjust the results of the funding assessment to bring them in line with the financial and mortality assumptions used as outlined below.

An assumption for salary increases is not required because the plan closed to future accruals on 31 December 2000. Other principal assumptions are recorded below.

The mortality rates listed below follow the standard table known as S2PA using 120% (2017 - S2PA using 120%) of the base table with the CMI_2015 (2017 - CMI_2015) mortality projections with a long term rate of improvement of 1.25% (2017 - 1.25%).

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

20. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	(7,098)	(7,478)
Benefits paid	395	287
Interest income	(179)	(198)
Actuarial (losses)/gains	139	(234)
Liabilities extinguished on settlements	-	525
At the end of the year	(6,743)	(7,098)

Composition of plan liabilities:

	2018 £000	2017 £000
Schemes wholly or partly funded	6,743	7,098
Total plan liabilities	6,743	7,098

Composition of plan assets:

	2018 £000	2017 £000
Equities	3,712	808
Bonds	349	55
Property	1,484	1,287
Cash	393	4,046
Total plan assets	5,938	6,196

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

20. Pension commitments (continued)

	2018 £000	2017 £000
Fair value of plan assets	5,938	6,196
Present value of plan liabilities	(6,743)	(7,098)
Net pension scheme liability	(805)	(902)

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Interest on obligation	(179)	(198)
Interest income on plan assets	160	166
Total	(19)	(32)

Reconciliation of fair value of plan assets were as follows:

	2018 £000	2017 £000
Opening fair value of scheme assets	6,196	6,121
Interest income on plan assets	160	166
Actuarial (losses)/gains	(323)	271
Assets distributed on settlements	(100)	(525)
Contributions by employer	300	450
Benefits paid	(295)	(287)
	5,938	6,196

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

20. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2018 %	2017 %
Discount rate at 31 December	2.80	2.60
Deferred pension revaluation (Consumer Prices Indexation)	2.40	2.40
Pension payment increases (RPI)	3.40	3.40
Mortality rates		
- for a male aged 65 now	20.9	20.8
- at 65 for a male aged 45 now	22.6	22.5
- for a female aged 65 now	22.9	22.9
- at 65 for a female member aged 45 now	24.8	24.7

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Defined benefit obligation	(6,743)	(7,098)	(7,478)	(6,818)	(7,821)
Scheme assets	5,938	6,196	6,121	5,515	5,683
Surplus	(805)	(902)	(1,357)	(1,303)	(2,138)
Experience adjustments on scheme liabilities	139	(234)	(13)	109	(47)
Experience adjustments on scheme assets	(323)	271	765	12	80

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

21. Reserves

Share premium account

This is the excess over par value paid on the issue of shares.

Revaluation reserve

This represents the amount of property revaluations carried out prior to the transition to FRS102. It will be released to profit as it becomes realised.

Profit & loss account

This is the accumulated distributable reserves of the company.

22. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
500,625 Ordinary shares of £1 each	501	501

23. Dividends

	2018 £000	2017 £000
Prior year final dividend of £0.70 (2017: £0.80) per share paid in year	350	401
Interim dividend of £Nil (2017: £0.50) per share paid in year	-	250
	350	651

24. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Not later than 1 year	195	178	195	178
Later than 1 year and not later than 5 years	232	329	232	329
Later than 5 years	1,395	1,425	1,395	1,425
	1,822	1,932	1,822	1,932

John Grose Group Limited

Notes to the financial statements For the year ended 31 December 2018

25. Long term rental income commitments

At 31 December 2018, the Group and Company had commitments to receive rental income on operating leases as follows:

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Not later than 1 year	446	443	446	443
Later than 1 year and not later than 5 years	723	994	723	994
	<u>1,169</u>	<u>1,437</u>	<u>1,169</u>	<u>1,437</u>

26. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil for the group and company (2017 - £1,521,000).

27. Related party transactions

During the prior year, the company had transactions with a company connected by virtue of a common director. Sales of vehicles and parts made to this company in the prior year amounted to £424,000 while purchases of vehicles and parts from this company in the prior year amounted to £115,000. There was no amount due to or from this company at the prior year end. This year no transactions or balances require disclosure as there is no longer a related party relationship.

Key management personnel include all directors across the group who together have authority and responsibility for planning and controlling activities of the group. The total compensation paid to key management personnel for services provided to the group was £1,027,000 (2017 - £1,041,000).

Sales made to key management in the year totalled £19,000 (2017 - £113,000), and purchases made from key management personnel in the year totalled £2,000 (2017 - £7,000).

28. Controlling party

The Company is controlled by I R Twinley.