

G K Group Limited

**Annual report and consolidated
financial statements**

Registered number 2086705

Year ended 31 December 2014

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Strategic report

Business review

The trading profit for the Group was £953,237 this was an improvement of 40% over last years £681,643 and was achieved on a turnover which increased by 10% from £150m to £165m.

Although the result was a record it was disappointing in that the two used car dealerships acquired last year failed to perform and contributed a significant loss to the mix. The elimination of that loss is a focus for 2015.

In the other operations a good performance in commercial vehicles and a reduction in interest costs were the biggest contributors to the improvements in the result although nearly all departments were better than last year. The exception being service who suffered from some manning problems.

Paul Rogers joined us as managing director in the last quarter of the year and it is expected that he will bring more rigor to the daily operations, the full benefit of which should be visible in the coming year.

Outlook for 2015

The prospects for 2015 look promising and the budget has been set accordingly.

Commercial vehicles are expected to continue to perform so long as there are no major supply problems and there is an expectation that used cars should improve strongly.

In addition the losses from the new sites should be eliminated.

The fortunes of the Group are linked closely to our franchisors and particularly to the forthcoming product. Fortunately all three of the manufacturers represented have strong product offerings and some exciting new product to be launched in 2015.

The borrowings continue to improve and the rates of interest required reduced, leading to a virtuous circle of falling interest costs

On the property front the prospects of moving Chesterfield in 2015 are receding but planning has been submitted and we still hope to achieve this goal in early 2016. Our expectation of being able to move Retford is less certain but remains an ambition, the current hold up being a planning decision on the new development where it is hoped to re-locate.

Principal Risks and Uncertainties

The board is ultimately responsible for risk management and continues to develop policies and procedures that reflect the nature and the scale of the Groups business.

These are designed to mitigate and manage risk, but they cannot entirely eliminate it.

The board has identified the following areas of risk to the business and strategies to minimise them.

The profitability of the new car departments and the parts department are significantly dependent upon hitting manufacturers' targets. Targets reflect a manufacturer's aspirations and merely to improve is often no guarantee of success.

Every effort is made to conduct meaningful discussions with them but the achievement of sensible targets remains a significant risk to the business.

The Group borrowings are subject to a number of covenants a breach of which may result in the loans having to be repaid. The principal covenants relate to interest cover and the ratio of loans to the value of the property. The directors do not consider that either of these is likely to be breached.

The Group still has significant borrowings which would be vulnerable to a large swing in interest rates.

To mitigate this problem the company entered into interest rate swap agreements with Lloyds Bank plc which are scheduled to cover the property loans until they are repaid.

The company benefits from VAT input tax at the time it purchases vehicles, from two of the manufacturers it represents, which is the moment that vehicles are released from the factories. The amounts owing for VAT at any time is significantly dependant on the level of stock and is susceptible to the rate and timing of build by the manufacturers.

The company has borrowing facilities in place to accommodate foreseeable drops in production.

The company has a defined benefit pension scheme which is currently in net deficit.

The scheme was closed to new members many years ago and the plan is to eliminate the deficit on a time scale agreed with the trustees. However frequent changes in actuarial assumptions and short term market variations in interest rates and stock markets make it difficult to determine the shortfall with any degree of confidence.

Strategic report *(continued)*

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to try and mitigate any adverse impact caused by its activities.

Initiatives aimed at reduction of include safe disposal of hazardous waste and the long term reduction of energy consumption.

Employees

The directors recognise the importance of good communications with all employees. Each of the Group's locations maintains employee relations appropriate to its particular needs and environment where the views of the employees are taken into account.

It is the group's policy to make every effort to retain employees who become disabled persons on equal terms wherever possible.

Promotional opportunities are open to all employees irrespective of disablement

Approved by the board of directors and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'N Forster', with a large, stylized 'Q' or 'O' at the end.

N Forster
Secretary

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities

The principal activities of the company continue to be the distribution and retailing of motor vehicle, spare parts and maintenance, service and repair of vehicles, as well as vehicle rental.

Directors

The directors of the company were as follows:

GRJ Kenning
DBB Kenning
R Farrall
MR Hamer (retired 30.09.2014)
N Hopewell
DE Kenning
NBB Kenning
P Rogers (from 01.10.2014)

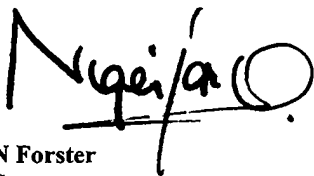
Disclosure of information to auditor

The directors who held office at the date of approval of this director's 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

In accordance with Section 485 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on its behalf by:



N Forster
Secretary

Chatsworth Road
Chesterfield
Derbyshire
S40 2BJ

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

The directors are responsible for preparing the Strategic report and 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).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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 group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of G K Group Limited

We have audited the financial statements ("the financial statements") of G K Group Limited for the year ended 31 December 2014 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 group's and parent company's affairs as at 31 December 2014 and of the group's profit 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 matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report to the members of G K Group 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 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.



Greg Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

16 June 2015

Consolidated profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Group Turnover	2	164,900	149,897
Cost of sales		(146,940)	(133,163)
		<hr/>	<hr/>
Gross profit		17,960	16,734
Administrative expenses		(16,694)	(15,318)
		<hr/>	<hr/>
Operating profit		1,266	1,416
Interest receivable and similar income	3	-	42
Interest payable and similar charges	4	(378)	(763)
Other finance costs in respect of pensions	21	66	(14)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	954	681
Tax (charge)/credit on profit on ordinary activities	8	(177)	(289)
Dividends paid	20e	(80)	(40)
		<hr/>	<hr/>
Profit for the financial year	17	697	352
		<hr/>	<hr/>

The statement of total recognised gains and losses is set out on page 11.

Movements in reserves are shown in note 18.

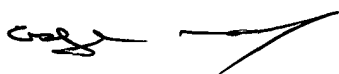
All operations were continuing during the year.

There is no difference between the reported shown above and the profit for the year restated on an historical cost basis. Accordingly, no note of historical cost profits is presents.

Consolidated balance sheet
at 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Fixed assets			
Tangible assets	9	10,852	11,196
Investments	10	10	10
		<hr/>	<hr/>
		10,862	11,206
Current assets			
Stocks	11	41,444	35,446
Debtors (including £1,990,000 (2013: £1,990,000) due after more than one year)	12	5,473	5,178
Cash at bank and in hand		140	3
		<hr/>	<hr/>
		47,057	40,627
Creditors: Amounts falling due within one year	13	(47,079)	(41,052)
		<hr/>	<hr/>
Net current liabilities		(22)	(645)
		<hr/>	<hr/>
Total assets less current liabilities		10,840	10,561
Creditors: Amounts falling due after more than one year	14	(1,751)	(1,975)
		<hr/>	<hr/>
Net assets before net pension liability		9,089	8,586
Net pension liability	21	(1,107)	(911)
		<hr/>	<hr/>
Net assets		7,982	7,675
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	936	936
Revaluation reserve	17	3,413	3,413
Profit and loss account	17	3,633	3,326
		<hr/>	<hr/>
Equity shareholders' funds	18	7,982	7,675
		<hr/>	<hr/>

These financial statements were approved by the board of directors on **16th JUNE 2016** and were signed on its behalf by:



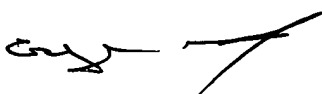
GRJ Kenning
Director

Company registered number: 2086705

Company balance sheet
at 31 December 2014

	<i>Note</i>	2014 £000	£000	2013 £000	£000
Fixed assets					
Tangible assets	9		560		844
Investments	10		157		157
			<hr/>		<hr/>
			717		1,001
Current assets					
Stocks	11	41,444		35,446	
Debtors (including £1,990,000 (2013:£1,900,000) due after more than one year)	12	17,285		16,815	
Cash at bank and in hand		140		3	
		<hr/>		<hr/>	
		58,869		52,264	
Creditors: Amounts falling due within one year	13	(46,844)		(41,052)	
		<hr/>		<hr/>	
Net current assets			12,025		11,212
			<hr/>		<hr/>
Total assets less current liabilities			12,742		12,213
Creditors: Amounts falling due after more than one year	14		(36)		(28)
			<hr/>		<hr/>
Net assets before net pension liability			12,706		12,185
Net pension liability	21		(1,107)		(911)
			<hr/>		<hr/>
Net assets			11,599		11,274
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		936		936
Revaluation reserve	17		5,326		5,326
Profit and loss account	17		5,337		5,012
			<hr/>		<hr/>
Equity shareholders' funds	18		11,599		11,274
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 16 June 2015 and were signed on its behalf by:



GRJ Kenning
Director

Company registered number: 2086705

Consolidated cash flow statement
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Net cash inflow from operating activities	<i>20a</i>	1,788	934
Returns on investment and servicing of finance	<i>20b</i>	(304)	(735)
Acquisitions and disposals	<i>20e</i>	50	-
Taxation			-
Capital expenditure and financial investment	<i>20c</i>	(84)	(304)
Net cash inflow before financing		<u>1,450</u>	<u>(105)</u>
Financing outflow	<i>20e</i>	(263)	(222)
Increase/(decrease) in cash	<i>20f</i>	<u>1,187</u>	<u>(327)</u>

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2014

	2014 £000	2013 £000
Profit for the financial year	697	352
Actuarial loss recognised in the pension scheme in the year	(440)	(414)
Deferred tax movement on actuarial loss recognised in year	50	43
Total recognised gains and losses relating to the financial year	307	(19)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements:

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, modified by the revaluation of certain land and buildings, and in accordance with applicable Accounting Standards.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons:

As highlighted in notes 13 and 14 to the financial statements, the group meets its day to day working capital requirements through an overdraft facility repayable on demand and due for renewal on 30 June March 2015. The group also has a long-term loan of £2.0 million outstanding at the year end with Lloyds TSB which is secured on certain freehold land and buildings owned by the group.

The current economic conditions create uncertainty particularly over the level of demand for the group's products, and the availability of bank finance in the foreseeable future.

The directors have prepared projected cash flow forecasts for the period ending 12 months from the date of approval of these financial statements. The projections take account of reasonably possible changes in trading performance and show that the group will be able to operate within the level of its current overdraft facility. The group will discuss renewal of the overdraft facility with the bank in due course. The group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The long-term loan is subject to two covenants, one of which (interest charge cover) is not considered to be a risk and therefore not discussed further. The other is a 'loan to value' covenant relating to the valuation of the properties on which the loan is secured. The loan was taken out in June 2007 prior to the effects of the current UK economic conditions, and the covenant is based on property values at that time. Since June 2007 there has clearly been a decline in the market values of the group's properties. However, action taken to reduce the loan, through a combination of selling properties and accelerating repayments, means that the likelihood of a breach is extremely remote.

Market values have recovered and the actions taken by the directors mean no covenant is likely to be breached.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2014.

Under Section 230 (4) of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

Depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Freehold buildings	-	50 years
Long leasehold property	-	50 years
Motor vehicles	-	2 to 6 years
Plant and equipment	-	2 to 10 years
Vehicles on contract hire	-	over the term of the contract

Freehold land is not depreciated.

Notes (continued)

1 Accounting policies (continued)

Amortisation

Amortisation is provided to write off the cost of debt by equal instalments over the life of the loan.

Stocks

Stocks are stated at the lower of cost and net realisable value. The treatment of consignment stocks and vehicles sold under guaranteed buy-back arrangements is outlined in note 11 to the financial statements.

Taxation

The (charge)/credit for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases

Assets acquired under finance leases and similar hire purchase agreements are treated as tangible fixed assets and depreciation provided accordingly. The capital element of future lease payments is included in creditors. Finance charges are allocated to accounting periods over the length of the contract.

All other losses occurring on operating leases and the payments made under them are charged to the profit and loss account as incurred.

Pensions

Up until 6 April 2000 the company operated a defined benefit pension scheme which is administered by trustees and is independent of the company's finances. Contributions are paid into the scheme in accordance with the recommendations of independent actuaries who carry out valuations at regular intervals.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The group has fully adopted FRS 17: 'Retirement benefits'. The net liabilities of the pension schemes (2013: *net liabilities*) are included on the balance sheet, current service costs and net financial returns are included in the profit and loss account and actuarial gains and losses are recognised in the statement of total recognised group gains and losses. Further information on FRS 17 is provided in note 21.

Since 6 April 2000 the company has operated a money purchase pension scheme and contributions to that scheme are charged in the profit and loss account as incurred.

Dividends

In accordance with FRS 21: 'Events after the balance sheet date', dividends are now shown as a movement in equity in the period in which they are paid.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Notes (continued)

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. All turnover arises in the United Kingdom and is attributable to the principal activities of the group, namely the distribution, retailing and servicing of motor vehicles. Turnover includes £1,904,000 (2013: £1,985,000) in respect of operating lease rentals.

3 Interest receivable and similar income

	2014	2013 £000
Other interest receivable	-	42
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2014	2013 £000
On bank loans and overdrafts	428	567
On other loans	(58)	172
Amortisation of debt issue costs	8	24
	<u> </u>	<u> </u>
	378	763
	<u> </u>	<u> </u>

5 Profit on ordinary activities before taxation

	2014	2013 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets	289	281
Loss on disposal of trade and assets	69	-
Profit on disposal of fixed assets	-	-
Operating lease charges:		
Rent payable	311	251
Plant and machinery	41	43
Fixed asset impairment charges:		
Tangible Fixed assets	-	-
	<u> </u>	<u> </u>

The company's profit after tax for the financial year was £715,000 (2013: profit £326,000).

	2014 £000	2013 £000
<i>Auditor's remuneration</i>		
Amounts receivable by auditors in respect of:		
Audit of these financial statements	40	51
Audit of financial statements of subsidiaries pursuant to legislation	3	3
Other services relating to taxation	9	11
Other services relating to pensions	-	-
	<u> </u>	<u> </u>
	52	65
	<u> </u>	<u> </u>

Notes (continued)

6 Staff numbers and costs

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

	Number of employees	
	2014	2013
Sales	96	93
Service	238	226
Administrative	54	65
	<u>388</u>	<u>384</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	8,821	8,329
Social security costs	811	767
Pension costs	121	77
	<u>9,753</u>	<u>9,173</u>

7 Remuneration of directors

	2014 £000	2013 £000
Director's emoluments	342	299
Pension contributions	11	9
	<u>353</u>	<u>308</u>

Number of directors to whom retirement benefits are accruing under a defined benefit scheme

	2	2
--	---	---

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2014 £000	2013 £000
Emoluments	97	94
Pension contributions	4	4
	<u>101</u>	<u>98</u>

Notes (continued)

8 Tax on profit on ordinary activities

	2014 £000	£000	2013 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	68		-	
Adjustments in respect of prior years	(30)		(1)	
	<hr/>		<hr/>	
		38		(1)
<i>Deferred tax</i>				
Origination/reversal of timing differences	171		191	
Adjustments in respect of prior years	(32)		(4)	
Effect of law changes	-		103	
	<hr/>		<hr/>	
		139		290
		<hr/>		<hr/>
Tax charge on profit on ordinary activities		177		289
		<hr/>		<hr/>

Factors affecting the current tax charge for the current period

The current tax charge for the period is lower (2013: lower) than the effective rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	954	681
	<hr/>	<hr/>
Current tax at 21.49% (2013: 23.25%)	205	158
<i>Effects of:</i>		
Expenses not deductible for tax purposes	41	26
Depreciation on ineligibles less IBAs	-	(77)
Utilisation of tax losses carried forward	(23)	30
Other short term differences	(5)	(84)
Decrease in FRS 17 provision	(42)	(53)
Group Relief surrendered for payment(Utilised)/	(107)	-
Unutilised losses carried forward		
Prior period adjustments -CT	(31)	(1)
Marginal relief	-	-
	<hr/>	<hr/>
Total current tax	38	(1)

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rates of 20% substantively enacted at the balance sheet date

Notes (continued)

9 Tangible fixed assets

Group

	Land and buildings		Plant and equipment	Total
	Freehold £000	Long leasehold £000	£000	£000
Cost or valuation				
At beginning of year	10,914	174	3,593	14,681
Additions	-	-	84	84
Disposals	(139)	-	-	(139)
At end of year	<u>10,775</u>	<u>174</u>	<u>3,677</u>	<u>14,626</u>
Depreciation				
At beginning of year	444	38	3,003	3,485
Charged in year	61	7	243	311
Disposals	(22)	-	-	(22)
At end of year	<u>483</u>	<u>45</u>	<u>3,246</u>	<u>3,774</u>
Net book value				
At 31 December 2014	<u>10,292</u>	<u>129</u>	<u>431</u>	<u>10,852</u>
At 31 December 2013	<u>10,470</u>	<u>136</u>	<u>590</u>	<u>11,196</u>

At 31 December 2014, £10,292,000 (2013: £10,418,000) of the group's freehold property is held as security against group bank borrowings (see notes 13 and 14).

All freehold and long leasehold land and buildings owned by the Company were revalued as at the 31st of December 2006 on an existing use basis less a charge for impairment. Other tangible fixed assets are stated at cost.

The amount of freehold and long leasehold land and buildings (included in fixed assets at the valuation shown above (less any impairments charged)), determined according to the historical cost accounting rules is as follows:

	2014 £000	2013 £000
Cost	8,054	8,054
Accumulated depreciation	(1,019)	(993)
Net book value	<u>7,035</u>	<u>7,061</u>

Notes (continued)

9 Tangible fixed assets (continued)

Company

	Land and buildings		Plant and equipment	Total
	Freehold £000	Long leasehold £000	£000	£000
Cost or valuation				
At beginning of year	139	174	3,593	3,906
Additions	-	-	84	84
Disposals	(139)	-	-	(139)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	174	3,677	3,851
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	21	38	3,003	3,062
Charged in year	1	7	243	251
Disposals	(22)	-	-	(22)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	45	3,246	3,291
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2014	-	129	431	560
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	118	136	590	844
	<hr/>	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

Group

	Trade investments £000
At beginning and end of year	10
	<hr/>

Company

	Trade investments £000	Shares in group undertakings £000	Total £000
At beginning and end of year	10	147	157
	<hr/>	<hr/>	<hr/>

The company owns the entire issued £1 ordinary share capital of G K 2000 Limited. This is a property holding company incorporated in Great Britain.

The company owns a 100% interest in County Garage Company Limited, which is incorporated in Great Britain.

The company holds equity investments in a number of other subsidiary undertakings which are all wholly owned, dormant and incorporated in Great Britain.

Notes (continued)

11 Stocks

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Vehicles held for resale	40,671	34,708	40,671	34,708
Vehicle parts and other stocks	773	738	773	738
	<u>41,444</u>	<u>35,446</u>	<u>41,444</u>	<u>35,446</u>

Vehicles held for resale include consignment vehicles which have been invoiced to the group and of which £26,201,000 (2013: £21,056,000) may attract finance charges after a pre-determined time. In accordance with industry practice, these vehicles are regarded as an asset of the group and are included within stocks on the balance sheet as the group has the significant risks and rewards of ownership. The corresponding liability which is secured on the value of the related asset is included in creditors.

12 Debtors

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade debtors	3,019	2,968	3,019	2,968
Amounts owed by group undertakings	-	-	11,812	11,642
Deferred tax assets (see note 15)	604	704	604	704
Prepayments and accrued income	313	692	313	692
Other debtors	1,537	814	1,537	809
	<u>5,473</u>	<u>5,178</u>	<u>17,285</u>	<u>16,815</u>

Company debtors include amounts owed by group undertakings of £1,990,000 (2013: £1,990,000) due after more than one year.

13 Creditors: Amounts falling due within one year

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Bank overdrafts	-	1,050	-	1,050
Bank loans (note 14)	231	223	-	-
Unamortised debt issues costs	-	(8)	-	-
Secured loans (note 14)	35	15	35	15
Trade creditors	44,122	37,240	44,122	37,240
Corporation tax	78	1	78	1
Other taxes and social security	-	216	-	216
Accruals and deferred income	2,613	2,535	2,609	2,530
	<u>47,079</u>	<u>41,272</u>	<u>46,844</u>	<u>41,052</u>

As set out in the note above, trade creditors include a liability in respect of consignment stocks for the group and company of £31,300,300 (2013: £25,325,000).

Notes (continued)

14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Bank loans	1,715	1,947	-	-
Secured loans	36	28	36	28
Unamortised debt issue costs	-	-	-	-
Amounts owed to group undertakings	-	-	-	-
	<u>1,751</u>	<u>1,975</u>	<u>36</u>	<u>28</u>

Secured loans totalling £71,200 (2013: £43,000) of which £35,200 (2013: £15,000) is repayable within one year, were outstanding with Lloyds Bank plc at 31 December 2014. These are secured upon certain fixed assets. Interest rates on the loans are variable.

The bank loan of £1,946,000, of which £231,000 (2013: £223,000) is repayable within one year, and the bank overdraft of £Nil (2013: £1,050,000) (repayable on demand) are held with Lloyds Bank, are secured on freehold land and buildings owned by the Group at 31 December 2014. The loan is repayable over 15 years, with repayments commencing from July 2009.

Security of bank loans

The bank loans and secured loans falling due after more than one year are repayable as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Due by instalments:				
Within two to five years	1,045	1,268	36	28
After five years	706	707	-	-
	<u>1,751</u>	<u>1,975</u>	<u>36</u>	<u>28</u>

15 Deferred tax

Group and Company

	Deferred Taxation £000
At beginning of the year	704
Charge to profit and loss account for the year	(149)
Recognised in the statement of total recognised gains and losses	50
Prior year adjustment	(1)
	<u>604</u>
At the end of the year	

Notes (continued)

15 Deferred tax (continued)

The amounts provided and unprovided for deferred taxation at 20% (2013: 20%) are set out below:

	2014 £000	2013 £000	2014 £000	2013 £000
Difference between accumulated depreciation and amortisation and capital allowances	(180)	(161)	-	-
Other timing differences	(33)	(27)	-	-
On trading losses	(391)	(516)	-	-
	<u>(604)</u>	<u>(704)</u>	<u>-</u>	<u>-</u>

A deferred tax asset has arisen in respect of the pension liabilities in accordance with FRS 17, further details of which are set out in note 21. The movement on this account is as follows:

	2014 £000	2013 £000
At beginning of year	(227)	(238)
Profit and loss account	-	-
Arising on actuarial gain/(loss) in year	(50)	11
At end of year	<u>(277)</u>	<u>(227)</u>

These amounts are disclosed as part of the net pension liability.

16 Share capital

	2014 £000	2013 £000
<i>Allotted, called up and fully paid:</i>		
936,134 'A' ordinary shares of £1 each	<u>936</u>	<u>936</u>

17 Reserves

Group

	Revaluation Reserve £000	Profit and loss account £000
At beginning of year	3,413	3,326
Actuarial loss recognised in the pension scheme during the year	-	(440)
Deferred tax relating to actuarial gain	-	50
Profit for the financial year	-	697
At end of year	<u>3,413</u>	<u>3,633</u>

Notes (continued)

17 Reserves (continued)

Company

	Other non-distributable reserves £000	Profit and loss account £000
At beginning of year	5,326	5,012
Actuarial loss recognised in the pension scheme during the year	-	(440)
Deferred tax relating to actuarial gain	-	50
Profit for the financial year	-	715
	<hr/>	<hr/>
At end of year	5,326	5,337
	<hr/>	<hr/>

18 Reconciliation of movement in shareholders' funds

	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Opening shareholders funds as previously reported	7,675	7,694	11,274	11,405
Profit for the financial year	697	352	715	326
Actuarial loss recognised in the pension scheme in the year	(440)	(414)	(440)	(414)
Deferred tax relating to actuarial gain/(loss)	50	43	50	(43)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	7,982	7,675	11,599	11,274
	<hr/>	<hr/>	<hr/>	<hr/>

19 Financial investments

The company has derivative financial instruments, in the form of interest rate swaps that has not been recognised at fair value.

The company entered into three interest rate swaps with Lloyds Bank totalling £6,000,000 on 12 January 2007. The swaps are at Lloyds LIBOR rate compared to G K Groups 5% fixed interest rate. The period of the swaps is as follows:

- two fifteen year floating rate swaps that expires on 12 January 2022;
- one twelve year floating rate swap that expires on 14 January 2019.

In 2013 the swaps resulted in net interest payable.

The company entered into two interest rate swaps with Lloyds Bank totalling £8,000,000 on 5 March 2008. The swaps are at Lloyds LIBOR rate compared to GK Groups 4.9% fixed interest rate. On six year floating rate swap expired on 5th March 2014.

In 2014 the swaps resulted in net interest payable.

Notes (continued)

20 Notes to the cash flow

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2014 £000	2013 £000
Operating profit before exceptional items	1,335	1,426
Amortisation of debt costs	8	24
Depreciation	289	281
Movements in working capital:		
Decrease/(increase) in stocks	(5,998)	2,611
Decrease/(increase) in debtors	(295)	443
(Decrease)/increase in creditors and provisions	6,644	(3,617)
Movement on pension provisions	(195)	(234)
	<hr/>	<hr/>
Cash inflow from operating activities	1,788	934
	<hr/> <hr/>	<hr/> <hr/>

(b) Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	-	42
Interest paid	(370)	(763)
Other finance costs in respect of pensions	66	(14)
	<hr/>	<hr/>
	(304)	(735)
	<hr/> <hr/>	<hr/> <hr/>

(c) Capital expenditure and financial investment

	2014 £000	2013 £000
Payments to acquire tangible fixed assets	(84)	(304)
Proceeds from disposal of fixed assets	50	-
	<hr/>	<hr/>
	(34)	(304)
	<hr/> <hr/>	<hr/> <hr/>

(d) Acquisitions and disposals

	2014 £000	2013 £000
Proceeds from disposal of business	-	-
	<hr/> <hr/>	<hr/> <hr/>

(e) Financing

	2014 £000	2013 £000
Loan proceeds	41	45
Dividend payment	(80)	(40)
Bank and secured loan repayments	(224)	(227)
	<hr/>	<hr/>
	(263)	(222)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

20 Notes to the cash flow (continued)

(f) Analysis of changes in net debt

	At beginning of year £000	Cash flow £000	At end of year £000
Cash at bank	3	-	3
Overdrafts	(1,050)	1,187	137
	<u>(1,047)</u>	<u>1,187</u>	<u>140</u>
Debt due after one year	(1,975)	224	(1,751)
Debt due within one year	(230)	(36)	(266)
	<u>(3,252)</u>	<u>1,375</u>	<u>(1,877)</u>

(g) Reconciliation of net cash flow to movement in net debt

	2014 £000	2013 £000
(Decrease)/increase in cash and cash equivalents	1,187	(327)
Cash outflow from net movement in debt and lease financing	188	182
	<u>1,375</u>	<u>(145)</u>
Change in net debt resulting from cash flows	(3,252)	(3,107)
Net debt at beginning of year		
Net debt at end of year	<u>(1,877)</u>	<u>(3,252)</u>

21 Pensions

Defined contribution pension scheme

The Company operates a Group Personal Pension Plan to provide future benefit accrued for the employees. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £121,000 (2013: £77,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Defined benefit pension scheme

The Company operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 5 April 2013 and was updated for FRS 17 purposes to 31 December 2013 by a qualified independent actuary.

Notes (continued)

21 Pensions (continued)

Defined benefit pension scheme (continued)

The information disclosed below is in respect of the whole of the plans for which the Company is the sponsoring employer.

	2014 £000	2013 £000
Present value of funded defined benefit obligations	(10,580)	(9,944)
Fair value of plan assets	9,196	8,806
	<hr/>	<hr/>
Deficit	(1,384)	(1,138)
Related deferred tax asset	277	227
	<hr/>	<hr/>
Net pension liability	(1,107)	(911)
	<hr/> <hr/>	<hr/> <hr/>
Movements in present value of defined benefit obligation		
	2014 £000	2013 £000
At beginning of year	9,944	9,146
Current service cost	39	40
Interest cost	443	415
Actuarial losses	613	652
Benefits paid	(459)	(309)
	<hr/>	<hr/>
At end of year	10,580	9,944
	<hr/> <hr/>	<hr/> <hr/>
Movements in fair value of plan assets		
	2014 £000	2013 £000
Opening fair value of scheme assets	8,805	8,195
Expected return	509	401
Actuarial gain	173	238
Contributions by employer	168	281
Benefits paid	(459)	(309)
	<hr/>	<hr/>
Closing fair value of scheme assets	9,196	8,806
	<hr/> <hr/>	<hr/> <hr/>
Expense recognised in the profit and loss account		
	2014 £000	2013 £000
Current service cost	39	40
Interest on defined benefit pension plan obligation	443	415
Expected return on defined benefit pension plan assets	(509)	(401)
	<hr/>	<hr/>
	(27)	54
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

21 Pensions (continued)

The expense is recognised in the following line items in the profit and loss account:

	2014 £000	2013 £000
Administrative expenses	39	40
Other finance costs in respect of pensions	(66)	14
	<u>(27)</u>	<u>54</u>

The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £440,000 loss (2013: £414,000).

Cumulative actuarial gains/losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 1 March 2004 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £3,045,000 loss (2013: £2,611,000).

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2014 £000	Value at 2013 £000
Equities	4,149	4,150
Bonds	1,925	1,206
Gilts	1,840	2,113
Other	391	335
Diversified growth	891	1,002
	<u>9,196</u>	<u>8,806</u>
Actual return on plan assets	<u>682</u>	<u>639</u>

The expected rates of return on plan assets are determined by reference to the historical returns without adjustment of the portfolio as a whole and not the sum of the returns on individual asset categories.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2014	2013
Discount rate	3.50%	4.55%
Expected return on scheme assets	5.87%	4.90%
Future salary increases	1.70%	2.60%
Future revaluation of pensions in deferment	1.90%	2.60%
Future pension increases (5% LPI min 3%)	3.25%	3.25%

Notes (continued)

21 Pensions (continued)

In valuing the liabilities of the pension fund at 31 December 2014, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 21.6 years (male);
- Future retiree upon reaching 65: 23.8 years (male).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

History of experience gains and losses

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Difference between the expected and actual return on scheme assets:					
Amount (£000)	173	238	261	(199)	475
Percentage of year end scheme assets	1.9%	2.7%	3.2%	(2.6%)	6.3%
Experience gains and losses on scheme liabilities:					
Amount (£000)	-	(398)	-	-	21
Percentage of year end present value of scheme liabilities	-	4.52%	-	-	0%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£000)	(440)	(414)	(188)	(551)	595
Percentage of year end present value of scheme liabilities	(4.78%)	(4.16%)	(2.1%)	(6.5%)	7%

The Company expects to contribute approximately £130,000 to its defined benefit plan in the next financial year.

22 Financial commitments

- (a) Capital commitments contracted for at 31 December 2014 amounted to £Nil (2013: £Nil).
- (b) At 31 December 2014, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Operating leases which expire:				
Within one year	-	-	17	3
Within the second to fifth years	69	33	24	40
Over 5 years	242	278	-	-
	<u>311</u>	<u>311</u>	<u>41</u>	<u>43</u>

23 Related parties

The Group's key management personnel are the Executive and non-executive directors. Details of directors' remuneration are given in note 7. There were no other transactions with key management personnel in either the current or preceding year.