

Company Registration No. 03189127 (England and Wales)

**CASTLE MOTORS (TREBROWN)
LIMITED**

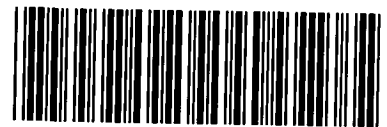
**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED 30
NOVEMBER 2017**

Riley+

CHARTERED ACCOUNTANTS
www.rileycom.co.uk

THURSDAY



A7DFE5BC

A12

30/08/2018

#278

COMPANIES HOUSE

CASTLE MOTORS (TREBROWN) LIMITED

COMPANY INFORMATION

Directors	R S Flood S J Flood R A K Manning D R Flood D Flood LA Flood (Appointed 1 January 2017)
Company number	03189127
Registered office	Castle Garage Trebrown Cornwall PL14 3PX
Auditor	Riley 51 North Hill Plymouth PL4 8HZ
Business address	Castle Garage Trebrown Cornwall PL14 3PX
Bankers	National Westminster Bank Plc St Andrew's Cross Plymouth PL4 0YY

CASTLE MOTORS (TREBROWN) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 22

CASTLE MOTORS (TREBROWN) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present the strategic report for the year ended 30 November 2017.

Fair review of the business

The company performed well in the year with steady growth.

The company's focus on stock has ensured that we continuously offer our customers the best available range of vehicles at competitive prices without any compromises being made on the quality of the product or service we provide. The number of vehicles sold and average selling price increased again this year.

Overhead expenditure has again been a key focus for the company by striving to control this type of expenditure to maximise available profits. The company incurred £157k this year in way of repairs to the showroom roof - this was considered one off expenditure.

Principal risks and uncertainties

The biggest risk to the company continues to be the availability of disposable income. The downturn in the economic climate experienced in recent times has ensured that the company has reviewed its operation and put in place strategy's that will ensure it mitigates its exposure and can react to existing and new customer's income availability. Since economic recovery the financial results continue to improve. Results will continue to be monitored with ongoing reviews of key performance indicators and financial information.

Maintaining our good reputation is key to our success and we strive to minimise the risk of this impairing. We do this by providing the best quality vehicles and service at all times.

Development and performance

The group's position at the year end remains strong.

The current economic status teamed with further development of strategies with regards to stock and marketing puts the group in a good position to maintain its current performance levels and further develop its market share. With Brexit on the horizon it is unknown how this economic uncertainty will affect the attitude of the company's customers, however at the moment this does not appear to have affected results.

Key performance indicators

The company uses various key performance indicators to analyse the business, including:

- Gross profit percentage: 10.55% (2016 - 10.12%)
- Net profit percentage: 1.81% (2016 - 0.66%)
- Number of cars sold: 947 cars (2016 - 896 cars).

On behalf of the board


R S Flood
Director

20 August 2018

CASTLE MOTORS (TREBROWN) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present their report and audited financial statements for the year ended 30 November 2017.

Directors

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

R S Flood
S J Flood
R A K Manning
D R Flood
D Flood
L A Flood

(Appointed 1 January 2017)

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £84,465. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Riley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

CASTLE MOTORS (TREBROWN) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

On behalf of the board


R S Flood

Director

20 August 2018

CASTLE MOTORS (TREBROWN) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CASTLE MOTORS (TREBROWN) LIMITED

Opinion

We have audited the financial statements of Castle Motors (Trebrown) Limited (the 'company') for the year ended 30 November 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the 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 FRS 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 company's affairs as at 30 November 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 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.

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 our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

CASTLE MOTORS (TREBROWN) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CASTLE MOTORS (TREBROWN) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

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 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 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 on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Valerie Doyle (Senior Statutory Auditor)
for and on behalf of Riley

20 August 2018

Chartered Accountants
Statutory Auditor

51 North Hill
Plymouth
PL4 8HZ

CASTLE MOTORS (TREBROWN) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2017

		2017	2016
	Notes	£	as restated £
Turnover	3	23,336,118	20,098,017
Cost of sales		(20,867,395)	(18,064,203)
Gross profit		2,468,723	2,033,814
Administrative expenses		(1,929,864)	(1,646,299)
Other operating income		35,000	35,250
Exceptional item	4	(152,184)	(290,040)
Profit before taxation		421,675	132,725
Tax on profit	8	(111,115)	(31,026)
Profit for the financial year		310,560	101,699

CASTLE MOTORS (TREBROWN) LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		855,755		809,873
Current assets					
Stocks	12	2,409,351		2,188,426	
Debtors	13	1,968,116		2,185,352	
Cash at bank and in hand		929,503		385,288	
		5,306,970		4,759,066	
Creditors: amounts falling due within one year	14	(1,154,017)		(793,326)	
Net current assets			4,152,953		3,965,740
Total assets less current liabilities			5,008,708		4,775,613
Provisions for liabilities	15		(31,625)		(24,625)
Net assets			4,977,083		4,750,988
Capital and reserves					
Called up share capital	18		10,000		10,000
Share premium account			9,900		9,900
Revaluation reserve			156,000		156,000
Profit and loss reserves			4,801,183		4,575,088
Total equity			4,977,083		4,750,988

The financial statements were approved by the board of directors and authorised for issue on 20 August 2018 and are signed on its behalf by:

R S/Flood
Director

Company Registration No. 03189127

CASTLE MOTORS (TREBROWN) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
As restated for the period ended 30 November 2016:						
Balance at 1 December 2015		10,000	9,900	156,000	4,556,633	4,732,533
Year ended 30 November 2016:						
Profit and total comprehensive income for the year		-	-	-	101,699	101,699
Dividends	9	-	-	-	(83,244)	(83,244)
Balance at 30 November 2016		10,000	9,900	156,000	4,575,088	4,750,988
Year ended 30 November 2017:						
Profit and total comprehensive income for the year		-	-	-	310,560	310,560
Dividends	9	-	-	-	(84,465)	(84,465)
Balance at 30 November 2017		10,000	9,900	156,000	4,801,183	4,977,083

CASTLE MOTORS (TREBROWN) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	22		734,733		623,235
Income taxes paid			(26,088)		(89,065)
Net cash inflow from operating activities			<u>708,645</u>		<u>534,170</u>
Investing activities					
Purchase of tangible fixed assets			<u>(79,965)</u>		<u>(40,843)</u>
Net cash used in investing activities			(79,965)		(40,843)
Financing activities					
Dividends paid			<u>(84,465)</u>		<u>(83,244)</u>
Net cash used in financing activities			(84,465)		(83,244)
Net increase in cash and cash equivalents			<u>544,215</u>		<u>410,083</u>
Cash and cash equivalents at beginning of year			<u>385,288</u>		<u>(24,795)</u>
Cash and cash equivalents at end of year			<u><u>929,503</u></u>		<u><u>385,288</u></u>

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

Company information

Castle Motors (Trebrown) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Castle Garage, Trebrown, Cornwall, PL14 3PX. The company continues to operate as a motor vehicle trader.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Revenue - described as turnover - is the value of goods (net of VAT) provided to customers during the year. Vehicle sales are included in turnover when the sale becomes unconditional.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on collection of the vehicles), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	10-20% reducing balance

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

1.5 Impairment of fixed assets

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

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

1.11 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Exemptions on transition to FRS 102

The company has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS 102. The items are being depreciated from the date of transition (1 December 2014) in accordance with the company's accounting policies.

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Inventory provisioning

The company operates as a car dealership with a wide range of vehicles. Due to the nature of the business old cars are purchased occasionally and can lose significant value if not sold over a period of time. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of the vehicles.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and note 1.3 for the useful economic lives for each class of assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Sale of goods	23,011,783	19,813,449
Commissions receivable	315,507	284,568
Insurance claim receivable	8,828	-
	<u>23,336,118</u>	<u>20,098,017</u>

4 Exceptional costs

	2017 £	2016 £
Income tax regarding bonus payment to a directors in a prior year	<u>152,184</u>	<u>290,040</u>

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

5 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	4,400	4,400
Depreciation of owned tangible fixed assets	34,083	32,910
Cost of stocks recognised as an expense	20,867,395	18,064,203
	<u>20,905,878</u>	<u>18,101,513</u>

6 Employees

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

	2017 Number	2016 Number
Managerial and sales	8	8
Workshop	26	26
Administration	12	12
	<u>46</u>	<u>46</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,246,093	1,150,715
Social security costs	141,617	110,167
Pension costs	3,245	2,898
	<u>1,390,955</u>	<u>1,263,780</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>397,580</u>	<u>314,305</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2016 - 1).

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

7 Directors' remuneration

(Continued)

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

	2017 £	2016 £
Remuneration for qualifying services	103,671	86,714

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	104,115	26,088
Adjustments in respect of prior periods	-	1
Total current tax	104,115	26,089
Deferred tax		
Origination and reversal of timing differences	7,000	4,937
Total tax charge	111,115	31,026

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	421,675	132,725
Expected tax charge based on the standard rate of corporation tax in the UK of 19.33% (2016: 20.00%)	81,510	26,545
Tax effect of expenses that are not deductible in determining taxable profit	27,817	1,192
Permanent capital allowances in excess of depreciation	3,003	3,289
Deferred tax adjustments in respect of prior years	(1,231)	-
Other tax charges	16	-
Taxation charge for the year	111,115	31,026

9 Dividends

	2017 £	2016 £
Interim paid	84,465	83,244

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 December 2016	1,050,309	206,134	138,310	1,394,753
Additions	14,400	39,961	25,604	79,965
At 30 November 2017	1,064,709	246,095	163,914	1,474,718
Depreciation and impairment				
At 1 December 2016	352,977	133,402	98,501	584,880
Depreciation charged in the year	16,330	12,618	5,135	34,083
At 30 November 2017	369,307	146,020	103,636	618,963
Carrying amount				
At 30 November 2017	695,402	100,075	60,278	855,755
At 30 November 2016	697,332	72,732	39,809	809,873

The company applied the transitional arrangements of section 35 of FRS 102 and used a previous valuation as the deemed cost for certain freehold land. The freehold land at transition was valued at £156,000 at the date of transition using deemed cost exemption. The freehold land was last revalued on 3 June 2013 with an original cost value of £Nil by independent external valuer S Nicholls of Ideal Homes Estate Agents Ltd. This valuation was carried out on an open market basis.

11 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,919,724	2,135,573
Carrying amount of financial liabilities		
Measured at amortised cost	912,256	686,924

12 Stocks

	2017 £	2016 £
Finished goods and goods for resale	2,409,351	2,188,426

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

13 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	191,109	180,854
Corporation tax recoverable	21,696	21,696
Amounts owed by group undertakings	261,683	242,587
Amounts owed by undertakings in which the company has a participating interest	1,466,282	1,708,245
Other debtors	650	3,887
Prepayments and accrued income	26,696	28,083
	<u>1,968,116</u>	<u>2,185,352</u>

14 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	140,994	109,804
Corporation tax	104,115	26,088
Other taxation and social security	137,646	80,314
Other creditors	453,374	528,639
Accruals and deferred income	317,888	48,481
	<u>1,154,017</u>	<u>793,326</u>

15 Provisions for liabilities

	Notes	2017	2016
		£	£
Deferred tax liabilities	16	<u>31,625</u>	<u>24,625</u>

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2017	2016
	£	£
Balances:		
Accelerated capital allowances	<u>31,625</u>	<u>24,625</u>

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

16 Deferred taxation

(Continued)

	2017 £
Movements in the year:	
Liability at 1 December 2016	24,625
Charge to profit or loss	8,231
Effect of change in tax rate - profit or loss	(1,231)
Liability at 30 November 2017	<u>31,625</u>

17 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>3,245</u>	<u>2,898</u>

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

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,000,000 Ordinary of 1p each	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>10,000</u>

19 Financial commitments, guarantees and contingent liabilities

The company has agreed to cross guarantee the bank facilities of Castle Air Limited, a company under the common control of the directors. The maximum full potential liability at the year end was £9,411,892 (2016 - £7,387,547).

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

20 Related party transactions

At the year end, Castle Air Limited, a company owned and controlled by R S Flood and S J Flood, directors, owed the company £1,466,282 (2016 - £1,708,245). This amount is included within amounts owed by participating interests in note 13.

At the year end the company was owed by Castle Marine and Aviation Services Limited, a company under the common control of R S Flood, director, £650 (2016 - £650) in respect of financing transactions. This balance is included within other debtors in note 13.

At the year end the company owed directors £56,324 (2016 - £143,672).

During the year the company also entered into;

Sales to directors and close family £240,505 (2016 - £109,850)

Purchases/trade ins from directors and close family £214,500 (2016 - £272,250)

Sales to Castle Air Limited of £110,116 (2016 - £37,930) and purchases of £10,585 (2016 - £ Nil).

The company is exempt from disclosing other related party transactions as they are with the parent company.

21 Controlling party

The ultimate parent company is Castle Motor Company Limited, a company incorporated in England and Wales with the registered office located at Castle Garage, Trebrown, Liskeard, Cornwall, PL14 3PX.

The ultimate controlling party is Mr R S Flood.

22 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	310,560	101,699
Adjustments for:		
Taxation charged	111,115	31,026
Depreciation and impairment of tangible fixed assets	34,083	32,910
Movements in working capital:		
(Increase)/decrease in stocks	(220,925)	204,199
Decrease in debtors	217,236	301,627
Increase/(decrease) in creditors	282,664	(48,226)
Cash generated from operations	734,733	623,235

CASTLE MOTORS (TREBROWN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

23 Prior period adjustment

Reconciliation of changes in equity

		1 December 2015	30 November 2016
	Notes	£	£
Equity as previously reported		4,927,504	4,945,959
Adjustments to prior year			
PAYE obligation on a loan to a director from the Company's Employee Benefit Scheme.		(194,971)	(194,971)
Equity as adjusted		<u>4,732,533</u>	<u>4,750,988</u>

Reconciliation of changes in profit for the previous financial period

		2016
		£
Profit as previously reported		101,699

Notes to reconciliation

Exceptional item

The prior year adjustment relates to a provision for PAYE obligations on a loan to a director from the Company's Employee Benefit Trust arising in a prior year. As at the year end there is a present liability for a past event, which can now be reliably measured therefore this has been accounted for as a prior year adjustment. The company is at present in negotiation with HMRC regarding settlement over a period of 5 years. Currently this liability is shown as due with one year in the accounts.