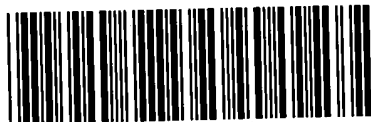


THE TRADE CENTRE WALES LIMITED

Annual Report and Financial Statements

For the year ended 30 November 2016

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THE TRADE CENTRE WALES LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Statement of comprehensive income incorporating the profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

THE TRADE CENTRE WALES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M T R Bailey
A Wildy
S Richards
A Holtam
A Coulthurst (appointed 1 December 2015)

SECRETARY

S Richards

REGISTERED OFFICE

Euro Centre
Neath Abbey Business Park
Neath Abbey
West Glamorgan
SA10 7DR

BANKERS

Barclays Bank
85 High Street
Blackwood
Gwent
NP12 1ZA

SOLICITORS

Anthony Jeremy & May
Hill Court
14 Cefn Coed Road
Cardiff
CF23 6AQ

AUDITOR

Deloitte LLP
Cardiff

STRATEGIC REPORT

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company during the year was that of the sourcing, preparation and retail of used cars to the general public. The directors do not anticipate any significant change in the principal activity of the company in the forthcoming financial year.

The company achieved a profit before taxation for the year of £9.9m (2015 - £6.5m).

The company's key measurements of performance are turnover and profit before tax. Turnover has increased to £105.7m from £76.9m as a result of increased sales volumes and a new car showroom opening in July 2016. The directors are extremely pleased with the overall results achieved by the company in the year under review.

The directors believe that general consumer confidence is continuing within the used car retail sector which is linked with the gradual recovery of the UK and global economies. The upturn in consumer confidence together with the greater availability of finance credit to consumers is continuing to drive demand for used cars. The directors do not anticipate 'Brexit' to affect future demand.

The company continues to invest in infrastructure at its three existing locations and opened a fourth outlet in April 2017 at Wednesbury, in the West Midlands. The company has also opened new workshops at its site in Neath in April 2016. The directors believe this has helped the company streamline the flow-through of stock from purchase to sale. The directors believe the existing sites and the new site will continue to drive future increases in trade.

KEY PERFORMANCE INDICATORS

The company produces detailed management reports and accounts on a monthly basis; a number of key performance indicators ("KPIs") are an integral part of this process. The monthly management reporting and accounts focus on the actual performance of the business compared to the budget set for the current financial year and the comparable period of the previous financial year.

The principal KPIs that are used by the directors in monitoring the performance of the business are turnover and profit before tax, the results of which are disclosed above. The directors feel that the business has performed well against the KPIs.

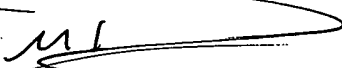
The directors use the volume of car sales as a non-financial key performance indicator with the quantity of cars increasing in the year, from 15,910 in 2015 to 19,401 in the current year. The increase has been driven by the new Cardiff North site, which opened in July 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is aligned to any changes in the overall United Kingdom used car market. Any changes to the United Kingdom car markets or to levels of activity could affect trading. At the present time, the used car market is competitive; however, the directors believe the company is well positioned within the industry to remain one of the market leaders in the sector.

The impact of 'Brexit' within the United Kingdom used car market is yet to be fully assessed. Based on current information, the directors take the view that 'Brexit' will not have any fundamental impact on current or future trading for the next two years.

Approved by the Board of Directors
and signed on behalf of the Board



M T R Bailey
Director

Date

12/5/17

THE TRADE CENTRE WALES LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of The Trade Centre Wales Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 30 November 2016.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic and Director's Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 specifically future developments.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic report on page 2 by cross-reference.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The company's principal financial assets are bank balances, trade and other receivables. The amounts shown within the balance sheet are net of allowances for doubtful debts. An allowance is made for impairment where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the debt.

Due to the nature of the trade, the company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available, the company mostly uses a mix of internally-generated funds and short-term debt finance. Short-term debt finance is used for seasonal variations.

DIVIDENDS

No dividend has been paid for the financial year (2015 - £nil).

DIRECTORS

The directors of the company, who served throughout the financial year and subsequently, are as shown on page 1.

GOING CONCERN

The directors have considered the use of the going concern basis in the preparation of the financial statements and have concluded that it was appropriate. Additional information is provided in note 1 of the financial statements.

DIRECTORS' INDEMNITIES

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.

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

THE TRADE CENTRE WALES LIMITED

DIRECTORS' REPORT (continued)

APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by its sole shareholder, MTR Bailey Trading Limited, which is also the immediate and ultimate parent of the entity. They should be served by no later than 28 February 2017.

Approved by the Board of Directors
and signed on behalf of the Board


MTR Bailey
Director
Date 12/5/17

THE TRADE CENTRE WALES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THE TRADE CENTRE WALES LIMITED

We have audited the financial statements of The Trade Centre Wales Limited for the year ended 30 November 2016 which comprise the Statement of Comprehensive Income incorporating the profit and loss account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Andrew Wright

Andrew Wright, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

Date 30/5/2017

THE TRADE CENTRE WALES LIMITED

STATEMENT OF COMPREHENSIVE INCOME incorporating the profit and loss account Year ended 30 November 2016

	Note	2016 £	2015 £
TURNOVER	3	105,654,173	76,939,278
Cost of sales		(88,449,748)	(65,648,369)
GROSS PROFIT		17,204,425	11,290,909
Administrative expenses		(7,168,927)	(4,714,232)
OPERATING PROFIT		10,035,498	6,576,677
Interest payable and similar charges	4	(167,556)	(36,846)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	9,867,942	6,539,831
Tax on profit on ordinary activities	8	(1,980,987)	(1,345,805)
PROFIT FOR THE FINANCIAL YEAR		<u>7,886,955</u>	<u>5,194,026</u>

All activities derive from continuing operations.

There was no comprehensive income or expense in either period other than the profit for the current and preceding year.

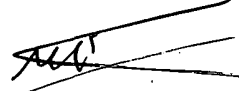
THE TRADE CENTRE WALES LIMITED

BALANCE SHEET At 30 November 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	9	45,395	49,313
Tangible assets	10	2,719,551	1,355,453
Investments	11	80	80
		<u>2,765,026</u>	<u>1,404,846</u>
CURRENT ASSETS			
Stocks	12	12,442,898	8,898,418
Debtors	13	20,636,855	12,738,157
Cash at bank and in hand		390,739	1,875
		<u>33,470,492</u>	<u>21,638,450</u>
CREDITORS: amounts falling due within one year	14	<u>(12,259,864)</u>	<u>(6,770,577)</u>
NET CURRENT ASSETS		<u>21,210,628</u>	<u>14,867,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,975,654	16,272,719
CREDITORS: amounts falling due after more than one year	15	(133,094)	(318,408)
PROVISIONS FOR LIABILITIES	17	<u>(27,583)</u>	<u>(26,289)</u>
NET ASSETS		<u>23,814,977</u>	<u>15,928,022</u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Profit and loss account		<u>23,814,877</u>	<u>15,927,922</u>
SHAREHOLDER'S FUNDS		<u>23,814,977</u>	<u>15,928,022</u>

The financial statements of The Trade Centre Wales Limited, registered number 04921555, were approved by the Board of Directors and authorised for issue on 12/5/2017

Signed on behalf of the Board of Directors


M T R Bailey
Director

THE TRADE CENTRE WALES LIMITED

STATEMENT OF CHANGES IN EQUITY At 30 November 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 December 2014 as previously stated	100	10,733,896	10,733,996
Profit for the financial year	-	5,194,026	5,194,026
At 30 November 2015	100	15,927,922	15,928,022
Profit for the financial year	-	7,886,955	7,886,955
At 30 November 2016	100	23,814,877	23,814,977

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The Trade Centre Wales Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2. The company is a private company limited by shares and is registered in England and Wales, the United Kingdom.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. For more information, see note 24.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, MTR Bailey Trading Limited; details of where the financial statements can be obtained are included in note 23. Exemptions have been taken in these separate company financial statements in relation to financial instrument disclosures, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The company keeps its borrowing to a minimum, preferring to use internally-generated cash and stocking loans to fund its daily working capital. During the year and the previous year the company has invested in the infrastructure of the business and will continue to do so in the next financial year. The company is a wholly-owned subsidiary of MTR Bailey Trading Limited and is party to an unlimited cross-guarantee over the assets of the company in relation to the banking liabilities of MTR Bailey Trading Limited. The directors believe the company and its parent company are in a strong position and that they have sufficient resources to continue trading for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in the preparation of the financial statements.

Turnover and revenue recognition

Turnover is stated net of VAT and trade discounts.

The turnover shown in the profit and loss account arises from the principal business activity of the company and consists entirely of sales made in the United Kingdom. Revenue on motor vehicle sales is recognised on transferring risks and rewards to the customer. Warranty income is recognised immediately, upon sale of the warranty. The company also receives finance commission on the placement of finance with external lenders. This income is recognised at the time the finance is placed.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

1. ACCOUNTING POLICIES (continued)

(i) Financial assets and liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the balance sheet, investments (including investments in associates) are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(v) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

1. ACCOUNTING POLICIES (continued)

Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Intangible assets – patents and trademarks

Patents and trademarks are included at cost and depreciated in equal annual instalments over a period of ten years, which is their estimated useful economic life. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The rates of depreciation are as follows:

Short leasehold	-	At varying rates straight-line over the life of lease
Fixtures and fittings	-	25% straight-line per annum
Motor vehicles	-	25%, 20% and 10% straight-line per annum
Computer equipment	-	10% - 33.3% straight-line per annum

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving items.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance lease are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives; those held under finance lease are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Stock valuation

The directors on a periodic basis will review the valuation of stock. This is performed on an individual vehicle basis when external factors, such as market trends, suggest the estimated retail price will be less than the cost price of the vehicle.

Key sources of estimation and uncertainty

The directors consider that there are no key sources of estimation and uncertainty.

3. TURNOVER

An analysis of the Group's turnover by class of business is set out below.

	2016 £	2015 £
Turnover		
Car sales	91,538,362	67,648,512
Warranty sales	4,175,632	3,398,705
Finance commission received	8,635,947	5,518,971
Other income	1,304,232	373,090
	<u>105,654,173</u>	<u>76,939,278</u>

Turnover derives entirely from the United Kingdom.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Hire purchase interest	24,664	25,808
Bank interest	20,148	11,038
Stocking loan interest	122,744	-
	<u>167,556</u>	<u>36,846</u>

THE TRADE CENTRE WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 November 2016

5. PROFIT BEFORE TAXATION ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016 £'000	2015 £'000
This is stated after charging		
Amortisation of other intangible assets (note 9)	17,405	1,248
Depreciation of tangible fixed assets (note 10)	674,005	454,209
Operating lease rentals	143,262	56,685
Loss on disposal of fixed assets	129	3,541
Cost of stock recognised as an expense	70,505,484	51,856,580
Fees paid to the company's auditor for the audit of the company's annual accounts	24,000	20,000
Fees payable to the company's auditor in respect of non-audit services	11,000	7,000
	<u>11,000</u>	<u>7,000</u>

6. STAFF NUMBERS AND COSTS

	2016 £	2015 £
Employee costs during the year (including directors)		
Wages and salaries	7,824,061	5,184,562
Social security costs	836,651	576,906
Pension costs	123,288	78,825
	<u>8,784,000</u>	<u>5,840,293</u>
	No.	No.
Average number of persons employed (including directors)		
Administrative staff	39	25
Operations staff	136	95
	<u>175</u>	<u>120</u>

7. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2016 £	2015 £
Directors' remuneration		
Emoluments	1,295,300	765,905
Company contributions to money purchase pension schemes	6,000	6,000
	<u>1,301,300</u>	<u>771,905</u>
	No.	No.
The number of directors who are members of a money purchase pension scheme	1	1
	£	£
Highest paid director		
Emoluments	595,842	435,569

Directors' advances, credits and guarantees

Details of transactions with directors during the year are disclosed in note 22.

THE TRADE CENTRE WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 November 2016

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £	2015 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 20% (2015 – 20.3%)	(2,000,463)	(1,344,220)
Prior year adjustment	20,770	(8,702)
Total current tax	<u>(1,979,693)</u>	<u>(1,352,922)</u>
Deferred taxation		
Timing differences, origination and reversal	14,949	5,505
Prior year adjustment	(16,371)	(1,219)
Effect of change of rates	128	2,831
Total deferred tax	<u>(1,294)</u>	<u>7,117</u>
Total tax on profit on ordinary activities	<u>(1,980,987)</u>	<u>(1,345,805)</u>

The standard rate of tax applied to reported profit is 20.0% (2015 - 20.3%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016. The phased reduction in the rate of corporation tax to 17% by 1 April 2020 is not anticipated to materially affect the future tax charge.

During the year beginning 1 December 2016, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge by £255. This is due to short-term timing differences.

The difference between the total current tax shown above and the amount calculated by applying the blended rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	<u>9,867,942</u>	<u>6,539,831</u>
Tax on profit on ordinary activities before tax at 20.0% (2015 – 20.3%)	(1,973,588)	(1,329,646)
Factors affecting charge for the year		
Tax rate changes	128	2,831
Expenses not deductible for tax purposes	(16,635)	(9,069)
Prior year adjustment	4,399	(9,921)
Effects of group relief/other relief	4,709	-
Current tax charge for the year	<u>(1,980,987)</u>	<u>(1,345,805)</u>

THE TRADE CENTRE WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 November 2016

9. INTANGIBLE FIXED ASSETS

	Patents and trademarks £
Cost	
At 1 December 2015	67,450
Additions	13,487
	<hr/>
At 30 November 2016	80,937
Amortisation	
At 1 December 2015	18,137
Charge for the year	17,405
	<hr/>
At 30 November 2016	35,542
Net book value	
At 30 November 2016	<hr/> 45,395 <hr/>
At 30 November 2015	<hr/> 49,313 <hr/>

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 December 2015	623,315	999,268	1,272,609	337,269	3,232,461
Additions	126,929	1,519,261	357,578	154,522	2,158,290
Disposals	-	-	(321,850)	-	(321,850)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2016	750,244	2,518,529	1,308,337	491,791	5,068,901
Depreciation					
At 1 December 2015	319,558	533,795	753,931	269,724	1,877,008
Charge for the year	52,320	243,034	327,161	51,490	674,005
Eliminated on disposal	-	-	(201,663)	-	(201,663)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2016	371,878	776,829	879,429	321,214	2,349,350
Net book value					
At 30 November 2016	<hr/> 378,366	<hr/> 1,741,700	<hr/> 428,908	<hr/> 170,577	<hr/> 2,719,551 <hr/>
At 30 November 2015	<hr/> 303,757	<hr/> 465,473	<hr/> 518,678	<hr/> 67,545	<hr/> 1,355,453 <hr/>

Included within the net book value of motor vehicles is £367,356 (2015 – £474,162) relating to assets acquired on hire purchase.

THE TRADE CENTRE WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

11. FIXED ASSET INVESTMENTS

	Investment in subsidiary £
Cost and net book value	
At 30 November 2015 and 30 November 2016	<u>80</u>

The company's investment at the balance sheet date in the share capital of companies is as follows:

Subsidiary	Registered Office	Principal activity	Holding	%
Can Can Car Finance Limited	Euro Centre Neath Abbey Business Park Neath Abbey West Glamorgan SA10 7DR	Provision of finance	Ordinary	80

12. STOCKS

	2016 £	2015 £
Finished goods	<u>12,442,898</u>	<u>8,898,418</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	3,021,090	1,823,027
Other debtors	1,038,849	610,305
Amount owed by parent undertaking	13,259,783	7,483,085
Amount owed by group undertaking	239,579	24,038
Amount owed by related company	2,505,055	2,367,648
Prepayments and accrued income	<u>572,499</u>	<u>430,054</u>
	<u>20,636,855</u>	<u>12,738,157</u>

Amounts owed by parent undertaking and related parties are provided on terms that are interest-free and repayable on demand.

THE TRADE CENTRE WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank overdraft (note 16)	-	2,645,461
Hire purchase contracts (note 16)	389,903	293,713
Trade creditors	1,974,748	2,194,678
Other creditors	293,835	141,010
Corporation tax	1,588,023	504,220
Social security and other taxes	322,704	188,632
VAT	651,681	247,410
Accruals and deferred income	329,528	229,762
Other loans (note 16)	6,500,000	199,346
Loans to a director	-	126,345
Amounts owed to group undertakings	209,442	-
	<u>12,259,864</u>	<u>6,770,577</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Obligations under finance lease and hire purchase contracts (note 16)	<u>133,094</u>	<u>318,408</u>

16. BORROWINGS AND SECURED DEBTS

	2016 £	2015 £
Amounts due within one year		
Bank loans and overdraft	-	2,645,461
Hire purchase contracts	389,903	293,713
Other loans	6,500,000	199,346
Amounts due between one and five years		
Bank loans and overdraft	-	-
Hire purchase contracts	<u>133,094</u>	<u>318,408</u>
	<u>7,022,997</u>	<u>3,456,928</u>

The bank loans and overdraft are secured by a charge (debenture) over the group's freehold and leasehold properties (including land). All bank loans carry interest at a floating rate of 2.25% over the Barclays Bank PLC base rate.

A cross-guarantee and debenture is in place between The Trade Centre Wales Limited and MTR Bailey Trading Limited.

The hire purchase liability is secured on the asset to which it relates.

THE TRADE CENTRE WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

16. BORROWINGS AND SECURED DEBTS (continued)

The stocking loan was converted to a normal loan facility during the year. The loan facility is repayable on demand and is secured by a floating charge over the stock of the company. The interest paid on this loan amounts to 2% above Finance House Base Rate (FHBR). This is disclosed as a £6,500,000 other loan in note 14.

In November 2016 a new stocking loan was agreed with a limit of £10m. The loan gives a stocking period for vehicle purchases of 120 days and interest is charged at 3.5% if utilised above 85%, 4.0% if utilised between 80% and 85% and 4.5% if utilised below 80%. The balance on this loan was £nil at the year-end. The loan balance is secured against stock.

17. PROVISIONS FOR LIABILITIES

	Deferred tax £
Balance at 1 December 2015	26,289
Credit to profit and loss account	(15,077)
Adjustment in respect of prior years	16,371
	<hr/>
Balance at 30 November 2016	27,583
	<hr/>

The amounts of deferred taxation provided in the financial statements are as follows:

	2016 £	2015 £
Capital allowances in excess of depreciation	27,583	26,289
	<hr/>	<hr/>

18. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 Land and buildings £	2015 Land and buildings £
- within one year	32,500	43,120
- between two and five years	65,000	-
	<hr/>	<hr/>

19. CALLED UP SHARE CAPITAL AND RESERVES

	2016 £	2015 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

The company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

20. EMPLOYEE BENEFITS

The company operates a defined contribution scheme for employees. The total amount charged to the profit and loss account during the year in respect of this scheme was £123,288 (2015 - £78,825). There were no outstanding contributions as at 30 November 2016 (2015 - £nil).

THE TRADE CENTRE WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

21. CONTINGENT LIABILITIES

The MTR Bailey Trading Limited group and The Trade Centre Wales Limited have an arrangement of unlimited cross-guarantees whereby the bank liabilities of the group are secured by the assets of the group.

22. RELATED PARTY TRANSACTIONS

The company as a qualifying entity has taken advantage of the exemption under section 33 not to disclose transactions with entities, 100% of whose voting rights are controlled within the group.

Mr M T R Bailey, a director of the company withdrew net funds from the company in the year of £2,585,360 (2015 - £949,686). This amount was cleared on a regular basis from his private funds held by the parent company. The maximum balance outstanding during the year was £nil (2015 - £nil). There was no balance outstanding as at 30 November 2016 (2015 - £nil).

Mr M T R Bailey purchased cars totalling £778,070 (2015 - £869,924) from the company and made sales to the company of £670,000 (2015 - £1,200,000). Transactions were made at arm's length.

Mr A Wildy, a director of the company, transferred net funds to the company in the year of £nil (2015 - £126,345). The maximum balance outstanding during the year was £126,345 (2015 - £126,345). The total amount due to Mr A Wildy at 30 November 2016 was £nil (2015 - £126,345).

Can Can Car Finance is an 80% subsidiary of The Trade Centre Wales Limited. During the year Can Can Car Finance Limited issued fees to The Trade Centre Wales Limited amounting to £1,169,900 (2015 - £941,800). As at 30 November 2016 £203,900 (2015 - £679,200) was owed to the company by The Trade Centre Wales Limited. This is included in amounts owed to group undertakings in creditors amounts owed within one year.

The Trade Centre Wales Limited paid for services on behalf of Can Can Car Finance Limited in the period of £150,655 (2015 - £610,585). As at 30 November 2016 a balance of £134,277 (2015 - £706,164) was owed to The Trade Centre Wales Limited. This is included within amounts owed by group undertakings in debtors amounts falling due within one year.

Car Finance Limited is a related party by virtue of having common majority shareholders and directors. As at 30 November 2016 £5,542 (2015 - £679,200) was owed to the company by The Trade Centre Wales Limited. This is included in amounts owed to group undertakings in creditors amounts owed within one year.

As at 30 November 2016 a balance of £105,302 (2015 - £706,164) was owed to The Trade Centre Wales Limited by Car Finance Limited. This is included within amounts owed by group undertakings in debtors amounts falling due within one year.

During the year the group paid for services of £753,578 (2015 - £nil) on behalf of Superspace Limited. Superspace Limited is related by virtue of a common shareholder and director. The maximum balance owed during the year and balance as at 30 November 2016 was £753,578 (2015 - £nil).

During the year the group paid for services of £1,180,587 (2015 - £nil) on behalf of Glasax Yacht Charters Limited. Glasax Yacht Charters Limited is related by virtue of a common shareholder and director. The maximum balance owed during the year and balance as at 30 November 2016 was £1,180,587 (2015 - £nil).

During the year the group provided a loan to Globalneed Limited (related by virtue of a common shareholder and director); the maximum balance outstanding during the year was £2,038 (2015 - £2,038). As at the year-end £2,038 (2015 - £2,038) was owed from Globalneed Limited.

During the year the group paid for services of £546,852 (2015 - £22,000) on behalf of Saxon Automobiles Limited. Saxon Automobiles Limited is related by virtue of a common director. The maximum balance owed during the year and balance as at 30 November 2016 was £568,852 (2015 - £22,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 November 2016

23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate and ultimate parent company is MTR Bailey Trading Limited. MTR Bailey Trading Limited is the smallest and largest group for which consolidated financial statements are prepared. Copies of these financial statements can be found at Companies House, Crown Way, Maindy, Cardiff, or at the company's registered office which is shown on page 1.

Mark Bailey is considered to be the ultimate controlling party by virtue of holding 100% of the issued ordinary share capital of MTR Bailey Trading Limited.

24. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 30 November 2015 and the date of transition to FRS 102 was therefore 1 December 2014.

The directors consider that there has been no significant impact on the presentation of the financial statements as a consequence of adopting FRS 102.