

Company Registration No. 05540164 (England and Wales)

06 ORMSKIRK LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

FRIDAY



A09 *A79LJ2H5* #202
06/07/2018
COMPANIES HOUSE

06 ORMSKIRK LIMITED

COMPANY INFORMATION

Directors	Mr P Byron Mr J Dickson
Company number	05540164
Registered office	152 County Road Ormskirk Lancashire L39 1NW
Auditor	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Solicitors	Duane Morris 10 Chiswell Street London EC1Y 4UQ

06 ORMSKIRK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their Strategic Report for the year ended 31 December 2017.

Business review

Turnover for the year ended 31 December 2017 was £15,948,087 (2016: £17,822,139).

Profit before tax was £345,228 (2016: £239,158).

After what proved to be a tough year for the industry due to both economic and competitive headwinds, the directors are satisfied with the trading performance and believe that the company is well placed for 2018 to deliver the company's business priorities.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

a) Manufacturers supply of new and improved products

The company is reliant on new vehicle products from Vauxhall. This exposes the company to risks in a number of areas as the company is dependent on its manufacturer/supplier in respect of:

- availability of new vehicle products

- Quality of new vehicle products

- pricing of new vehicle products

The directors are confident that future new products from its manufacturer/supplier will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. The directors do not believe that the proposed transfer of Vauxhall to the PSA Group will have any negative impact on the future direction of the franchise. It is, in any case, mitigated by the other core business areas of the company, including used vehicle sales, parts sales and service work.

b) Economic downturn

The success of the business is reliant on consumer spending. An economic downturn, resulting in a reduction of consumer spending power, will have a direct impact on the income achieved by the company.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

c) Development and performance

The strategy remains as previous years to build on the market position established by the company, together with a strong manufacturer brand nationally. This strategy is based largely on well-established models (including Corsa, Astra and Mokka) and the development of new models to be launched.

06 ORMSKIRK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Financial key performance indicators

The directors have monitored the progress of the overall company strategy and the individual strategic elements by reference to gross margin and operating profit.

Other key performance indicators

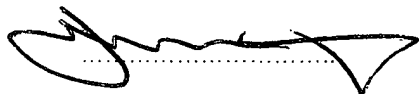
A key non-financial key performance indicator is new and used vehicle units, and retail service hours sold which were:

New retail units	350 (2016: 593)	(2017: - 40.98%)
Used units	882 (2016: 943)	(2017: - 6.47%)
Retail Service Hours	12,582 (2016: 12,190)	(2017: + 3.22%)
Warranty Hours	1,674 (2016: 2,439)	(2017: - 31.37%)

Despite the overall reduction in vehicles sold in a highly competitive market, the profitability achieved per unit within vehicles sales department was broadly similar compared to the prior year as the company focused on margin retention.

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

By order of the board



Mr J Dickson
Director

Date: 26.6.18

06 ORMSKIRK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activities

The principal activities of the company are the sale of new and used vehicles, parts, and vehicle servicing and repair. The company operates from two sites representing the Vauxhall franchise at Ormskirk and Skelmersdale.

Results and dividends

The company has recorded profit before tax of £345,228 (2016: £239,158).

The company declared dividends of £156,000 (2016: £206,505).

Directors

The directors who served during the year were:

John Dickson

Paul Byron

Motors Directors Limited (resigned 15 December 2017)

Financial risk management objectives and policies

The company uses various financial instruments which include bank, financial institution and stocking loans, cash and various items, such as consignment stock, trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for the company's operations. Their existence exposes the company to a number of financial risks.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks which are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The company finances its operations through a mixture of bank, other external borrowings and preference shares. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk.

The company policy throughout the year has been to achieve its objective of managing interest rate risk through day to day involvement of management in business decisions rather than through setting maximum or minimum levels for the level of fixed interest rate borrowings.

Liquidity risk

The company seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through the day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

06 ORMSKIRK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparts have high credit ratings assigned by international credit-rating agencies. The principle credit risk therefore arises from its trade debtors.

In order to manage credit risk, the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the directors on a regular basis in conjunction with debt ageing and collection history.

Disabled persons

This company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy where practicable to provide continuing employment under normal terms and conditions and to provide training and career development, and promotion to disabled employees wherever appropriate.

Employee involvement

The company encourages the involvement of its employees in its management through regular meetings of the worker/director councils which have responsibility for the dissemination of information of particular concern to employees and for receiving their views on important matters of policy.

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report.

Post balance sheet events

Vauxhall recently in the UK announced their intention to invoke the two-year notice period by terminating all old General Motors Europe retail franchise contracts. The termination notice will be followed by a retailer review to consider the issue of PSA retail contracts. Based on discussions with PSA management, the directors are confident that the new PSA contract will be issued to them in respect of all sites before the end of the two-year GME contract notice period.

Auditor

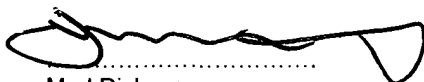
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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.

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

By order of the board



Mr J Dickson
Director

Date: 26.6.18

06 ORMSKIRK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 MEMBERS OF 06 ORMSKIRK LIMITED

Opinion

We have audited the financial statements of 06 Ormskirk Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 06 ORMSKIRK 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 set out on page 6, 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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.



Alison Ashley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Date: 28 JUNE 2018


06 ORMSKIRK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	15,948,087	17,822,139
Cost of sales		(13,836,894)	(15,719,567)
Gross profit		2,111,193	2,102,572
Administrative expenses		(1,689,528)	(1,776,334)
Operating profit	4	421,665	326,238
Interest receivable and similar income	7	17	29
Interest payable and similar charges	8	(76,454)	(87,109)
Profit on ordinary activities before taxation		345,228	239,158
Taxation	9	(69,139)	(53,428)
Profit for the financial year		276,089	185,730
Total comprehensive income for the year		276,089	185,730

06 ORMSKIRK LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
Company Registration No. 05540164

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	11	1,943,272	1,993,651
		<u>1,943,272</u>	<u>1,993,651</u>
Current assets			
Stocks	12	1,912,872	2,146,762
Debtors	13	276,626	391,192
Cash at bank and in hand		122,543	80,032
		<u>2,312,041</u>	<u>2,617,986</u>
Creditors: amounts falling due within one year	14	(2,914,749)	(3,287,205)
Net current liabilities		<u>(602,708)</u>	<u>(669,219)</u>
Total assets less current liabilities		<u>1,340,564</u>	<u>1,324,432</u>
Creditors: Amounts falling due after more than one year	15	(216,668)	(320,625)
Net assets		<u>1,123,896</u>	<u>1,003,807</u>
Capital and reserves			
Called up share capital	20	202,020	202,020
Capital redemption reserve	21	597,980	597,980
Profit and loss reserves	21	323,896	203,807
Total equity		<u>1,123,896</u>	<u>1,003,807</u>

The financial statements were approved by the board of directors and authorised for issue on 26.6.18 and are signed on its behalf by:


Mr J Dickson
Director

06 ORMSKIRK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Balance at 1 January 2016	202,020	597,980	224,582	1,024,582
Profit for the year	-	-	185,730	185,730
Total comprehensive income for the year	-	-	185,730	185,730
Transactions with owners in their capacity as owners:				
Dividends	-	-	(206,505)	(206,505)
Balance at 31 December 2016	202,020	597,980	203,807	1,003,807
Profit for the year	-	-	276,089	276,089
Total comprehensive income for the year	-	-	276,089	276,089
Transactions with owners in their capacity as owners:				
Dividends	-	-	(156,000)	(156,000)
Balance at 31 December 2017	202,020	597,980	323,896	1,123,896

06 ORMSKIRK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	25	399,235	396,248
Income taxes paid		(40,810)	(52,790)
Net cash from operating activities		<u>358,425</u>	<u>343,458</u>
Investing activities			
Purchase of tangible fixed assets		(3,547)	(45,670)
Proceeds on disposal of tangible fixed assets		-	32,243
Interest received		17	29
Net cash used in investing activities		<u>(3,530)</u>	<u>(13,398)</u>
Financing activities			
Repayment of loans		(92,857)	(85,119)
Repayment of finance leases		(9,304)	(16,537)
Dividends paid		(134,390)	(177,370)
Interest paid		(76,454)	(87,109)
Net cash used in financing activities		<u>(313,005)</u>	<u>(366,135)</u>
Net increase/(decrease) in cash and cash equivalents		<u>41,890</u>	<u>(36,075)</u>
Cash and cash equivalents at beginning of year		<u>(394,292)</u>	<u>(358,217)</u>
Cash and cash equivalents at end of year		<u><u>(352,402)</u></u>	<u><u>(394,292)</u></u>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		122,543	80,032
Overdrafts included in "creditors: amounts falling due within one year"		(474,945)	(474,324)
		<u><u>(352,402)</u></u>	<u><u>(394,292)</u></u>

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

06 Ormskirk Limited ("the company") is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is 152 County Road, Ormskirk, Lancashire, L39 1NW.

The company's principal activities continue to be that of purchasing, selling, and repairing of motor vehicles and other ancillary services within the UK.

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, including the provisions of the Large and Medium-sized Companies and Company's (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

Going concern

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

As part of its going concern review the Board has followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks 2016." The Board has prepared detailed financial forecast and cash flows looking 12 months ahead from the date the accounts are signed. In drawing up these forecasts the Board has made assumptions based upon its view of the current and future economic conditions that will prevail over the forecast period.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax. Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, the amount of revenue can be measured reliably, and receipt of payment is probable.

Revenue from commission receivable is recognised when the amount can be reliably measured and it is probable that the company will receive the consideration.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold property	- 2% straight line
Plant and machinery	- 10-33% straight line
Fixtures and fittings	- 10-33% straight line
Computer equipment	- 10-33% straight line

Freehold land is not depreciated.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Impairments of fixed assets

At each reporting 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.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are valued on first in, first out basis at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock 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.

Consignment stock

Under supply agreements with General Motors, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the company, which in substance give the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the balance sheet together with the equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the balance sheet. Both the terms under which the stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

Cash and cash equivalents

Cash and cash equivalents 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.

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Financial assets

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 assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables 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. Other financial assets classified as fair value through profit or losses are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss is measured at fair value.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rental expenditure in respect of 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.

Dividends

Dividends are recognised as liabilities once they are no longer the discretion of the company.

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass' and CAP valuation guides. The directors maintain oversight of ageing stock profiles and a monthly review of any provision required is performed.

Critical areas of judgement

Consignment stock

Vehicles held on consignment have been included in finished goods within stocks on the basis that the company has determined that it holds the significant risks and rewards attached to these vehicles.

3 Turnover

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

	2017 £	2016 £
Class of business		
Sale of goods	13,394,478	15,061,803
Rendering of services	2,434,991	2,702,901
Commissions receivable	118,618	111,336
	<u>15,948,087</u>	<u>17,876,040</u>

All turnover arose within the United Kingdom.

4 Operating profit

	2017 £	2016 £
Operating profit		
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	39,527	38,814
Depreciation of tangible fixed asset held under finance lease and hire purchase	14,399	13,086
Impairment losses – stock	5,766	7,460
Impairment (gains)/losses – trade debtors	(1,126)	5,012
Cost of stocks recognised as an expense	13,126,402	14,689,447
Operating lease charges	30,018	11,660
Auditor's remuneration	12,480	12,000
Loss on disposal of fixed assets	-	7,757
	<u> </u>	<u> </u>

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees

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

	2017 No	2016 No
Management and administration	28	26
Production	35	37
	<u>63</u>	<u>63</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,348,563	1,399,999
Social security costs	116,870	121,717
Pension costs	8,684	7,269
	<u>1,474,117</u>	<u>1,528,985</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	35,442	13,719
	<u>35,442</u>	<u>13,719</u>

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

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest receivable	17	29
	<u>17</u>	<u>29</u>

8 Interest payable and similar charges

	2017 £	2016 £
Interest on bank overdrafts and loans	19,079	21,237
Finance leases and hire purchase contracts	1,183	1,423
Vehicle funding charges	56,192	64,449
	<u>76,454</u>	<u>87,109</u>
Total finance costs	76,454	87,109

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

9	Taxation	2017 £	2016 £
	Current tax		
	UK corporation tax on profits for the current period	70,256	40,810
	Adjustments in respect of prior periods	-	56
	Total current tax	70,256	40,866
	Deferred tax		
	Origination and reversal of timing differences	(1,117)	9,412
	Effect of tax rate change on opening liability	-	3,150
	Total deferred tax	(1,117)	12,562
	Total tax charge	69,139	53,428

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2017 £	2016 £
Profit before taxation	345,228	239,158
Expected tax charge based on a corporation tax rate of 19.25% (2016: 20%)	66,445	47,832
Tax effect of expenses that are not deductible in determining taxable profit	172	101
Amounts relating to changes in tax rates	148	1,489
Adjustments in respect of prior years	-	56
Fixed asset differences	2,374	3,951
Other differences	-	(1)
Tax expense for the year	69,139	53,428

Factors that may affect future tax charges.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2016. These reduce the main rate to 19% from 1 April 2017 and 17% from 1 April 2020.

10	Dividends	2017 £	2016 £
	Ordinary	77,220	102,220
	Ordinary B	77,220	102,220
	Ordinary A	1,560	2,065
		156,000	206,505

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation					
As at 1 January 2017	2,026,544	146,672	195,713	81,380	2,450,309
Additions	-	-	3,547	-	3,547
	<u>2,026,544</u>	<u>146,672</u>	<u>199,260</u>	<u>81,380</u>	<u>2,453,856</u>
As at 31 December 2017	2,026,544	146,672	199,260	81,380	2,453,856
Depreciation					
At 1 January 2017	131,413	81,777	163,218	80,250	456,658
Depreciation charged in the year	12,294	29,157	11,892	583	53,926
	<u>143,707</u>	<u>110,934</u>	<u>175,110</u>	<u>80,833</u>	<u>510,584</u>
As at 31 December 2017	143,707	110,934	175,110	80,833	510,584
Carrying amount					
At 31 December 2017	<u>1,882,837</u>	<u>35,738</u>	<u>24,150</u>	<u>547</u>	<u>1,943,272</u>
At 31 December 2016	<u>1,895,131</u>	<u>64,895</u>	<u>32,495</u>	<u>1,130</u>	<u>1,993,651</u>

Included within freehold property is land at a cost of £1,365,000 (2016: £1,365,000) which is not depreciated.

The company's freehold property and assets of the company are pledged as security for the bank loans and overdraft.

The net book value of assets held under finance leases or hire purchases contracts, included above, is as follows:

	2017 £	2016 £
Furniture, fittings and equipment	<u>13,755</u>	<u>28,154</u>

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

12 Stocks

	2017 £	2016 £
Vehicle stock	1,852,015	2,078,502
Parts stock	60,857	68,260
	<u>1,912,872</u>	<u>2,146,762</u>

Within vehicle stock is consignment stock of £228,812 (2016: £73,088).

During the year, an impairment loss of £5,766 (2016: £7,460) was recognised in cost of sales due to slow-moving and obsolete stock.

The total carrying amount of stock is pledged as security for the vehicle funding.

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	137,771	196,931
Prepayments and accrued income	129,302	185,825
Deferred tax (see note 19)	9,553	8,436
	<u>276,626</u>	<u>391,192</u>

During the year a credit of £1,126 (2016: £5,012 impairment loss) was recognised in respect of trade debtors.

14 Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	575,540	574,918
Trade creditors	1,839,831	2,269,753
Other taxation and social security	143,348	114,345
Corporation tax	70,256	40,810
Finance lease obligations	11,550	9,754
Accruals and deferred income	148,995	78,177
Other creditors	125,229	199,448
	<u>2,914,749</u>	<u>3,287,205</u>

The bank overdraft of £474,945 (2016: £474,324) and total bank loans of £317,263 (2016: £410,119) are secured by a fixed charge over the property of the company together with a fixed and floating charge over all the assets of the company.

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

15 Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	216,668	309,525
Finance lease obligations	-	11,100
	<u>216,668</u>	<u>320,625</u>

16 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	137,771	196,931
	<u>137,771</u>	<u>196,931</u>
Carrying amount of financial liabilities		
Measured at amortised cost	2,906,263	3,452,676
	<u>2,906,263</u>	<u>3,452,676</u>

17 Borrowings

	2017 £	2016 £
Bank loans	317,263	410,119
Bank overdrafts	474,945	374,324
	<u>792,208</u>	<u>884,443</u>
Payable within one year	575,540	574,918
Payable between 1-2 years	92,857	92,857
Payable between 2-5 years	123,811	216,668
	<u>792,208</u>	<u>884,443</u>

The bank loans are secured by way of a charge over the property of the company and a third party guarantee.

The loans total £317,263 (2016: £410,119). The loan has an interest rate of 1.5% above bank base rate and is due to be repaid by August 2021.

18 Finance lease obligations

	2017 £	2016 £
Less than one year	11,550	9,754
Between one and five years	-	11,100
	<u>11,550</u>	<u>20,854</u>

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

19 Deferred taxation

	Deferred Taxation £
1 January 2017	8,436
Additional provision in year	1,117
	<hr/>
31 December 2017	9,553
	<hr/> <hr/>

The major deferred tax assets recognised are:

Deferred tax assets:	2017 £	2016 £
Accelerated capital allowances	9,437	8,436
Short term timing differences	116	-
	<hr/>	<hr/>
Total	9,553	8,436
	<hr/> <hr/>	<hr/> <hr/>

The deferred tax has been calculated at a rate of 17% (2016: 17%) on the underlying timing differences.

Deferred tax in relation to accelerated capital allowances is expected to reverse over the remaining useful lives of the assets to which it relates.

20 Share capital

Shares classified as equity Allotted, called up and fully paid	2017 £	2016 £
100,000 Ordinary shares of £1 each	100,000	100,000
100,000 Ordinary B shares of £1 each	100,000	100,000
2,020 Ordinary A shares of £1 each	2,020	2,020
	<hr/>	<hr/>
Total	202,020	202,020
	<hr/> <hr/>	<hr/> <hr/>

The Ordinary shares, Ordinary B shares and Ordinary A shares rank pari passu in all respects.

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

21 Reserves

Reserves of the company represent the following:

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

Capital redemption reserve

This reserve represents the nominal value of shares repurchased by the company.

22 Operating lease commitments

Lessee:

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	21,601	13,922
Between one and five years	27,216	9,017
	<hr/>	<hr/>
	48,817	22,939
	<hr/>	<hr/>

23 Related party transactions

The following advances and credits to related parties subsisted during the years ended 31 December 2017 and 31 December 2016:

	J Dickson £	P Byron £
Balance outstanding at start of the year	(53,996)	(53,220)
Amounts paid	120,411	119,635
Dividends	(77,220)	(77,220)
	<hr/>	<hr/>
	(10,805)	(10,805)
	<hr/>	<hr/>

These amounts are interest free and repayable within 1 year.

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows:

	2017 £	2016 £
Aggregate compensation	35,442	13,719
	<hr/>	<hr/>

Vauxhall Motors Limited was a related party during the year by virtue of its holding of ordinary A shares. It is also the main supplier / manufacturer to the company. On 15 December 2017, the directors acquired the Ordinary A shares from Vauxhall Motors Limited.

06 ORMSKIRK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

23 Related party transactions (continued)

The majority of the company's new vehicle and parts purchases are from Vauxhall Motors Limited and are made on normal commercial terms. The trade creditor balances associated with these purchases are with GMAC UK plc, the UK finance arm of Vauxhall Motors Limited. The balance outstanding at the year-end was £1,710,172 (2016: £2,085,308).

In addition, GMAC UK Plc also provided hire purchase loans to the company which had a balance of £11,550 (2016: £20,854) outstanding at the year end. The balance is repayable over 3 years in 34 instalments. Interest is charged at 3.25% (2016: 3.25%).

All funding is provided at normal commercial terms.

24 Pension

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £8,684 (2016: £7,269). At the balance sheet date an amount of £1,467 (2016: £1,916) was owed to the pension scheme, which is included in creditors due within one year.

25 Cash generated from operations

	2017 £	2016 £
Profit for the year	276,089	185,730
Adjustments for:		
Income tax expense recognised in profit or loss	69,139	53,428
Finance costs recognised in profit or loss	76,454	87,109
Investment income recognised in profit or loss	(17)	(29)
Loss on disposal of tangible fixed assets	-	7,757
Depreciation of tangible fixed assets	53,926	51,900
Operating cash flows before movements in working capital	475,591	385,895
Decrease in stock	233,890	36,766
Decrease in trade and other debtors	115,683	3,068
Decrease in trade and other creditors	(425,929)	(29,481)
Cash generated from operations	399,235	396,248

26 Control

The directors conclude that there is no controlling party as no shareholder holds more than 50% of the issued share capital.

27 Post balance sheet events

Vauxhall recently in the UK announced their intention to invoke the two-year notice period by terminating all old General Motors Europe retail franchise contracts. The termination notice will be followed by a retailer review to consider the issue of PSA retail contracts. Based on discussions with PSA management, the directors are confident that the new PSA contract will be issued to them in respect of all sites before the end of the two-year GME contract notice period.