

Financial Statements

Tom Hartley Cars Limited

For the year ended 31 October 2015



Registered number: 07061171

Tom Hartley Cars Limited
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Company Information

Directors	T Hartley C W Hartley
Registered number	07061171
Registered office	159 Moira Road Overseal Swadlincote Derbyshire DE12 6JD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT

Tom Hartley Cars Limited
Registered number: 07061171

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The following pages do not form part of the statutory financial statements:

Strategic report

For the year ended 31 October 2015

Business review

The company suffered a decrease in sales made during the year of 56%. It made an operating profit of £687,325 (2014: £3,995,815) after charging £500,000 (2014: £250,000) in respect of amortisation of goodwill, a non-cash item.

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 market in which the company operates is highly competitive and, as a result, there is constant pressure on margins.

Financial risk management objectives and policies

The company's principal financial instruments comprise loans from directors, cash and trade debtors and creditors that arise directly from the company's operations. The main purpose of these financial instruments is to provide finance for the company's operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the company's financial instruments is liquidity risk.

The company seeks to manage its financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company's policy throughout the year has been to ensure continuity of funding through management of the company's cash resources.

Financial key performance indicators

The company monitors the following key performance indicators: turnover, gross profit and profit before tax. Turnover has decreased from £46,647,977 to £20,525,425. Gross profit amounted to £1,904,234 (2014: £5,005,935), which represents a margin of 9.3% (2014: 10.7%). The profit before tax amounted to £676,173 (2014: £4,012,890).

The company made a profit for the year of £425,941 and had net assets of £6,818,367 at the year end.

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

T Hartley
Director



Date: 6 April 2016

Directors' report

For the year ended 31 October 2015

The directors present their report and the audited financial statements for the year ended 31 October 2015.

Results

The profit for the year, after taxation, amounted to £425,941 (2014 - £3,082,554). Dividends of £nil (2014: £28,500) were declared during the year.

Directors

The directors who served during the year were:

T Hartley
C W Hartley

Matters covered in the Strategic report

Details of the financial risk management objectives and policies are included in the Strategic Report.

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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.

Disclosure of information to auditor

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

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

Tom Hartley Cars Limited

Directors' report

For the year ended 31 October 2015

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

T Hartley
Director

A handwritten signature in black ink, appearing to be 'T Hartley', written over a horizontal line.

Date: 6 April 2016

Independent auditor's report to the members of Tom Hartley Cars Limited

We have audited the financial statements of Tom Hartley Cars Limited for the year ended 31 October 2015, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and reconciliation of net cash flow to movement in net funds and the related notes. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2015 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.



Independent auditor's report to the members of Tom Hartley Cars Limited

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.

A handwritten signature in black ink, appearing to read "David White".

David White (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Birmingham

15 April 2016

Profit and loss account

For the year ended 31 October 2015

	Note	2015 £	2014 £
Turnover	1,2	20,525,425	46,647,977
Cost of sales		(18,621,191)	(41,642,042)
Gross profit		1,904,234	5,005,935
Administrative expenses		(1,216,909)	(1,010,120)
Operating profit	3	687,325	3,995,815
Interest receivable and similar income		-	21,118
Interest payable and similar charges	6	(11,152)	(4,043)
Profit on ordinary activities before taxation		676,173	4,012,890
Tax on profit on ordinary activities	7	(250,232)	(930,336)
Profit for the financial year	15	425,941	3,082,554

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

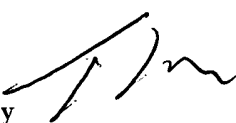
The notes on pages 9 to 17 form part of these financial statements.

Balance sheet

As at 31 October 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	8		3,356,895		3,856,895
Tangible assets	9		94,116		56,365
			<u>3,451,011</u>		<u>3,913,260</u>
Current assets					
Stocks	10	4,029,203		2,319,143	
Debtors	11	81,105		23,208	
Cash at bank		2,157,804		3,628,308	
		<u>6,268,112</u>		<u>5,970,659</u>	
Creditors: amounts falling due within one year	12	(2,893,299)		(3,481,921)	
Net current assets			<u>3,374,813</u>		<u>2,488,738</u>
Total assets less current liabilities			<u>6,825,824</u>		<u>6,401,998</u>
Provisions for liabilities					
Deferred tax	13		(7,457)		(9,572)
Net assets			<u><u>6,818,367</u></u>		<u><u>6,392,426</u></u>
Capital and reserves					
Called up share capital	14		2		2
Other reserves	15		1		1
Profit and loss account	15		<u>6,818,364</u>		<u>6,392,423</u>
Shareholders' funds	16		<u><u>6,818,367</u></u>		<u><u>6,392,426</u></u>

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


T Hartley
Director

Date: 6 April 2016

The notes on pages 9 to 17 form part of these financial statements.

Cash flow statement

For the year ended 31 October 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	18	(590,007)	6,653,670
Returns on investments and servicing of finance	19	(11,152)	(23,695)
Taxation		(805,434)	(819,275)
Capital expenditure and financial investment	19	(56,415)	203,881
Cash (outflow)/inflow before financing		(1,463,008)	6,014,581
Financing	19	-	(1,956,823)
(Decrease)/Increase in cash in the year		(1,463,008)	4,057,758

Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 October 2015

	2015 £	2014 £
(Decrease)/increase in cash in the year	(1,463,008)	4,057,758
Movement in net debt in the year	(1,463,008)	4,057,758
Net funds/(debt) at 1 November 2014	3,620,812	(436,946)
Net funds at 31 October 2015	2,157,804	3,620,812

The notes on pages 9 to 17 form part of these financial statements.

Notes to the financial statements

For the year ended 31 October 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised when a vehicle is handed over with funds have been received and therefore the risks and rewards have been transferred to the purchaser.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life. This has been revised in the year from 20 years to 10 years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 15% reducing balance

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete stock. Cost includes all direct costs including transportation where directly attributable.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Notes to the financial statements

For the year ended 31 October 2015

1. Accounting policies (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.8 Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

Substantially all turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2015	2014
	£	£
Amortisation - intangible fixed assets	500,000	250,000
Depreciation of tangible fixed assets:		
- owned by the company	18,664	16,758
Auditor's remuneration	10,000	8,000
Difference on foreign exchange	-	54,558
	<hr/>	<hr/>

Notes to the financial statements

For the year ended 31 October 2015

4. Staff costs

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

	2015	2014
	£	£
Wages and salaries	243,502	274,931
Social security costs	22,933	24,188
	<u>266,435</u>	<u>299,119</u>

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

	2015	2014
	No.	No.
Administration and sales	9	12
Directors	2	3
	<u>11</u>	<u>15</u>

5. Directors' remuneration

	2015	2014
	£	£
Remuneration	-	9,400
	<u>-</u>	<u>9,400</u>

6. Interest payable

	2015	2014
	£	£
Other interest payable	11,152	4,043
	<u>11,152</u>	<u>4,043</u>

Notes to the financial statements

For the year ended 31 October 2015

7. Taxation

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	252,347	932,485
Deferred tax (see note 13)		
Origination and reversal of timing differences	(2,115)	(2,149)
Tax on profit on ordinary activities	<u>250,232</u>	<u>930,336</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.41% (2014 - 21.83%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>676,173</u>	<u>4,012,890</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.41% (2014 - 21.83%)	138,007	875,910
Effects of:		
Expenses not deductible for tax purposes	10,385	4,530
Capital allowances	2,159	(2,523)
Fixed asset differences	102,068	54,568
Marginal relief	(272)	-
Current tax charge for the year (see note above)	<u>252,347</u>	<u>932,485</u>

Notes to the financial statements

For the year ended 31 October 2015

8. Intangible fixed assets

	Patents £	Goodwill £	Total £
Cost			
At 1 November 2014 and 31 October 2015	2,728	5,000,000	5,002,728
Amortisation			
At 1 November 2014	-	1,145,833	1,145,833
Charge for the year	-	500,000	500,000
At 31 October 2015	-	1,645,833	1,645,833
Net book value			
At 31 October 2015	2,728	3,354,167	3,356,895
At 31 October 2014	2,728	3,854,167	3,856,895

9. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Total £
Cost			
At 1 November 2014	52,093	51,235	103,328
Additions	54,195	2,220	56,415
At 31 October 2015	106,288	53,455	159,743
Depreciation			
At 1 November 2014	27,877	19,086	46,963
Charge for the year	13,708	4,956	18,664
At 31 October 2015	41,585	24,042	65,627
Net book value			
At 31 October 2015	64,703	29,413	94,116
At 31 October 2014	24,216	32,149	56,365

10. Stocks

	2015 £	2014 £
Goods for resale	4,029,203	2,319,143

Notes to the financial statements

For the year ended 31 October 2015

11. Debtors

	2015	2014
	£	£
Trade debtors	69,718	-
Prepayments and accrued income	11,387	23,208
	<u>81,105</u>	<u>23,208</u>

12. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts	-	7,496
Trade creditors	97,203	29,373
Corporation tax	12,347	565,434
Other taxation and social security	69,210	65,229
Other creditors	2,703,838	2,799,662
Accruals and deferred income	10,701	14,727
	<u>2,893,299</u>	<u>3,481,921</u>

Included within other creditors are amounts due from the directors of the company which are repayable on demand.

13. Deferred taxation

	2015	2014
	£	£
At beginning of year	9,572	11,721
Released during year	(2,115)	(2,149)
	<u>7,457</u>	<u>9,572</u>

Deferred tax arises in respect of accelerated capital allowances.

14. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes to the financial statements

For the year ended 31 October 2015

15. Reserves

	Other reserves £	Profit and loss account £
At 1 November 2014	1	6,392,423
Profit for the financial year	-	425,941
At 31 October 2015	1	6,818,364

16. Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	6,392,426	4,395,195
Profit for the financial year	425,941	3,082,554
Dividends (Note 17)	-	(28,500)
Shares redeemed during the year	-	(1,056,823)
Closing shareholders' funds	6,818,367	6,392,426

17. Dividends

	2015 £	2014 £
Dividends paid on equity capital	-	28,500

18. Net cash flow from operating activities

	2015 £	2014 £
Operating profit	687,325	3,995,815
Amortisation of intangible fixed assets	500,000	250,000
Depreciation of tangible fixed assets	18,664	16,758
Profit on disposal of tangible fixed assets	-	(2,007)
(Increase)/decrease in stocks	(1,710,060)	3,590,468
(Increase)/decrease in debtors	(57,896)	1,126,805
Decrease in creditors	(28,040)	(2,324,169)
Net cash (outflow)/inflow from operating activities	(590,007)	6,653,670

Notes to the financial statements

For the year ended 31 October 2015

19. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	-	4,805
Interest paid	(11,152)	-
Equity dividends paid	-	(28,500)
Net cash outflow from returns on investments and servicing of finance	(11,152)	(23,695)
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(12,421)
Sale of intangible fixed assets	-	216,302
Purchase of tangible fixed assets	(56,415)	-
Net cash (outflow)/inflow from capital expenditure	(56,415)	203,881
	2015 £	2014 £
Financing		
Purchase of own shares	-	(1,056,823)
Repayment of other long term loans	-	(900,000)
Net cash from financing	-	(1,956,823)

20. Analysis of changes in net funds

	1 November 2014 £	Cash flow £	31 October 2015 £
Cash at bank and in hand	3,628,308	(1,470,504)	2,157,804
Bank overdraft	(7,496)	7,496	-
Net funds	3,620,812	(1,463,008)	2,157,804

Notes to the financial statements

For the year ended 31 October 2015

21. Related party transactions

Mr. C Hartley was paid a dividend of £nil (2014: £28,500) during the year.

Included within short term creditors are amounts due to the directors as follows:-

Mr T Hartley £1,260,092 (2014: £1,516,301)

Mr C Hartley £1,256,821 (2014: £1,269,076)

Salaries were paid to the spouses of the directors totalling £41,636 (2014: £53,344) during the year.