

Company Registration No. 09651319 (England and Wales)

SOUTHERN MOTOR GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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SOUTHERN MOTOR GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr S P Price Mr P J Price
Company number	09651319
Registered office	22 Lansdowne Road Croydon Surrey CR0 2BD
Auditor	Carter Backer Winter LLP 66 Prescott Street London E1 8NN

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

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SOUTHERN MOTOR GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

During the year, a group was formed with Southern Motor Group Holdings Limited being the parent of S M Group Trading Limited, and S M Group Trading Limited acquiring all of the shares of The Southern Motor Group Limited. The Southern Motor Group Limited is a commercial vehicle dealership operating across the Southeast with its head office being based in Croydon, Surrey.

Results and performance

The results are those of the group and date from 9th June 2016. The group had a successful period with turnover of £31,519,400 and net profit before tax of £628,742. Gross profit was at a respectable level of 11%. The group was in a net liability position at the year end, due to a dividend of £750,000 being paid in the year. It is expected to recover this in the following year as the main trading company continues to trade profitably.

Principal risks and uncertainties

The management of the business and the execution of our strategy are subject to a number of risks. The following section comprises a summary of the main risks which we believe could potentially impact upon our operating and financial performance.

Key Staff

The business is reliant on the expertise of the directors and senior management who have an in depth understanding of the business model and infrastructure. Their departure could have an adverse effect on our results.

Competition

The sale of commercial vehicles is highly competitive with many other dealerships competing throughout the South East. However, there are significant barriers to entry such as start-up costs and the need to have strong relationships with suppliers and therefore we don't anticipate significant new competition joining the market. With the increase of customers buying vehicles over the internet the old concept of sales areas has become redundant as customers will buy vehicles based on price regardless of the location. This most affects the new vehicle market which means that SMG competitors are now not only Southern but UK wide.

Loss of supplier

As most of the business is Volkswagen related, the group still places a strong reliance on continuing as a Volkswagen franchise. The directors consider that the risk is mitigated by the excellent relationship it has with the franchise along with its strong performance in the market.

Economic environment

As with most businesses, the macroeconomic environment will have an effect on our results. Many of our customers will run their own businesses and poor economic conditions could hinder their ability to purchase or rent commercial vehicles.

VW Reputation

As a main Volkswagen dealership SMG is reliant upon the actions and reputation of VW in the market place upon which SMG has no control. As shown with the recent emissions scandal, negative publicity around the VW brand can have a financial impact on the performance of the company.

Management Risk

The group is controlled by the two directors who have extensive knowledge of the business. This knowledge is not recorded anywhere and therefore there would be a negative impact on the business if either was no longer involved.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Development and performance

The directors of the company continue to focus on the sale & rental of commercial vehicles.

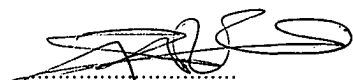
The directors hope to continue increasing turnover through marketing and sales initiatives whilst controlling overheads in order to increase profitability. They anticipate maintaining the good relationships they have built with their suppliers.

Key performance indicators

2016

Turnover	£32m
GP Margins	11.3%
NPBT Margins	2.0%
Debtor Days	6

On behalf of the board



Mr S P Price

Director

20.07.2017

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of a holding company. The group is a commercial motor dealership.

Directors

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

Mr S P Price

Mr P J Price

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £750,000. The directors do not recommend payment of a further dividend.

Auditor

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

Statement of directors' responsibilities

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). 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

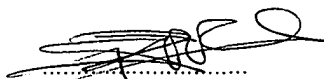
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors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

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board



Mr S P Price

Director

20.07.2017

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN MOTOR GROUP HOLDINGS LIMITED

We have audited the financial statements of Southern Motor Group Holdings Limited for the year ended 31 December 2016 set out on pages 7 to 32. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 group's and the parent 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.

Disagreement on calculation of goodwill

Southern Motor Group Holdings Limited acquired the shares of a trading group during the year. Part of the purchase was at a market value, £1,100,000, and part was done by way of receiving shares at a nominal value £8,000 in exchange for shares in itself. FRS 102 Section 19 requires that when preparing accounts for a business combination, goodwill should be determined by the comparison of the fair value of the consideration with the fair value of the net assets acquired. The directors have chosen not to obtain a fair value of the consideration at the date of exchanging the nominal value of the shares in the subsidiary with shares in the company. We were unable to obtain sufficient appropriate evidence about the fair value of the acquisition and therefore the useful life of the goodwill. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion on the financial statements

In our opinion, except for the matter referred to above in respect of the measurement of goodwill, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 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; and

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

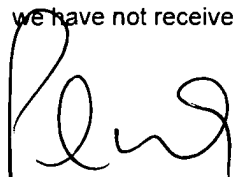
TO THE MEMBERS OF SOUTHERN MOTOR GROUP HOLDINGS LIMITED

Matters on which we are required to report by exception

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

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

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



Paul Woosey (Senior Statutory Auditor)
for and on behalf of Carter Backer Winter LLP

20 July 2017

Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

		Year ended 31 December 2016 £	Period ended 31 December 2015 £
	Notes		
Turnover	3	31,519,400	-
Cost of sales		(27,942,878)	-
Gross profit		3,576,522	-
Administrative expenses		(2,393,286)	-
Operating profit	4	1,183,236	-
Interest receivable and similar income	7	5,578	-
Interest payable and similar expenses	8	(260,072)	-
Profit before taxation		928,742	-
Taxation	9	(109,678)	-
Profit for the financial year		819,064	-

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December 2016 £	Period 31 December 2015 £
Profit for the year	819,064	-
Other comprehensive income	-	-
Total comprehensive income for the year	<u>819,064</u>	<u>-</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

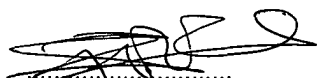
SOUTHERN MOTOR GROUP HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	11	(2,788,800)		-	
Tangible assets	12	5,102,889		-	
Investments	13	100		-	
		<u>2,314,189</u>		<u>-</u>	
Current assets					
Stocks	16	11,699,576		-	
Debtors	17	1,878,090		-	
Cash at bank and in hand		2,569,120		2	
		<u>16,146,786</u>		<u>2</u>	
Creditors: amounts falling due within one year	18	(14,908,227)		-	
Net current assets		<u>1,238,559</u>		<u>2</u>	
Total assets less current liabilities		<u>3,552,748</u>		<u>2</u>	
Creditors: amounts falling due after more than one year	19	(3,233,671)		-	
Provisions for liabilities	21	(242,013)		-	
Net assets		<u>77,064</u>		<u>2</u>	
Capital and reserves					
Called up share capital	24	8,000		2	
Profit and loss reserves		69,064		-	
Total equity		<u>77,064</u>		<u>2</u>	

The financial statements were approved by the board of directors and authorised for issue on 20.07.2017 and are signed on its behalf by:


Mr S P Price
Director

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	13	1,108,000			-
Current assets					
Debtors	17	750,000		-	
Cash at bank and in hand		-		2	
		<u>750,000</u>		<u>2</u>	
Creditors: amounts falling due within one year	18	(1,850,000)		-	
Net current (liabilities)/assets			(1,100,000)		2
Total assets less current liabilities			<u>8,000</u>		<u>2</u>
Capital and reserves					
Called up share capital	24		8,000		2

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £750,000 (2015 - £0 profit).

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20.07.2017 and are signed on its behalf by:



Mr S P Price
Director

Company Registration No. 09651319

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 22 June 2015		-	-	-
Period ended 31 December 2015:				
Profit and total comprehensive income for the period		-	-	-
Issue of share capital	24	2	-	2
Balance at 31 December 2015		2	-	2
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	819,064	819,064
Issue of share capital	24	7,998	-	7,998
Dividends	10	-	(750,000)	(750,000)
Balance at 31 December 2016		8,000	69,064	77,064

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 22 June 2015		-	-	-
Period ended 31 December 2015:				
Profit and total comprehensive income for the period		-	-	-
Issue of share capital	24	2	-	2
Balance at 31 December 2015		2	-	2
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	750,000	750,000
Issue of share capital	24	7,998	-	7,998
Dividends	10	-	(750,000)	(750,000)
Balance at 31 December 2016		8,000	-	8,000

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27	566,828		-	
Interest paid		(260,072)		-	
Income taxes refunded/(paid)		257,200		-	
Net cash inflow/(outflow) from operating activities		563,956		-	
Investing activities					
Purchase of intangible assets		3,088,800		-	
Purchase of tangible fixed assets		(7,265,881)		-	
Proceeds on disposal of tangible fixed assets		1,505,737		-	
Acquisition of subsidiaries		(100)		-	
Interest received		5,578		-	
Net cash used in investing activities		(2,665,866)		-	
Financing activities					
Proceeds from issue of shares		7,998		2	
Finance leases obligations		5,413,030		-	
Dividends paid to equity shareholders		(750,000)		-	
Net cash generated from financing activities		4,671,028		2	
Net increase in cash and cash equivalents		2,569,118		2	
Cash and cash equivalents at beginning of year		2		-	
Cash and cash equivalents at end of year		2,569,120		2	

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Southern Motor Group Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 22 Lansdowne Road, Croydon, Surrey, CR0 2BD.

The group consists of Southern Motor Group Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

These group and company financial statements for the year ended 31 December 2016 are the first financial statements of Southern Motor Group Holdings Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 22 June 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the cost at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Southern Motor Group Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

S M Group Trading Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of S M Group Trading Limited for the six month period from its acquisition on 9th June 2016. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

1.3 Going concern

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

1.4 Turnover

Turnover represents sales to external customers at invoiced value less value added tax or local taxes on sales.

Sales of motor vehicles, parts and accessories and fuel are recognised on the earlier of full payment or delivery to Customer Service and bodyshop work is recognised on completion of the agreed work.

Vehicle hire income is recognised on a monthly basis over the period to which the rental agreement relates.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is twenty years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

In this instance, the directors have not considered it necessary to fair value the shares issued as consideration for the acquisition of the group. They also do not feel it is cost effective to fair value the assets of the group acquired. Hence, negative goodwill has been created, which will be realised over a period of twenty years from 2017.

1.6 Tangible fixed assets

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

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

Land and buildings Leasehold	Straight line over the period of the lease
Plant and machinery	10% -33% straight line
Fixtures, fittings & equipment	10% - 33% straight line
Motor vehicles	15% - 50% straight line

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

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. There are no associates in the group at present.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

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

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

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

1.9 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Consignment vehicles which bear considerably more of the risks and responsibilities of ownership are regarded effectively as being under the control of the group and in accordance with FRS 102 section 10 are included in stocks on the balance sheet, although legal title has not passed. The corresponding liability is included in trade creditors and is secured directly on these vehicles.

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

1.10 Cash and cash equivalents

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

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.11 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

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

Current tax

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

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

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

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

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Depreciation

Depreciation is calculated to charge the cost of each asset, less its residual value, over its useful economic life. The condition of assets is reviewed regularly to ensure that the rate of depreciation is not excessive or inadequate.

Deferred tax

Deferred tax is calculated by comparing the net book value of assets with their tax written down value. It is assumed that the future tax rate will remain the same as the current rate. This estimate is also affected by the judgments used in estimating depreciation, as described above.

Maintenance provision

The directors make provisions to reflect the expected cost of maintenance on its vehicles. These are reviewed regularly based on the condition of the vehicles and estimates of future provisions for maintaining the vehicles using their experience and knowledge of the industry.

Consignment stock

In accordance with FRS 102, consignment stock is treated as the stock of the entity. The directors have used their judgment to include this as stock in the balance sheet at the year end as all rights and obligations are the those of The Southern Motor Group Limited.

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover	31,519,400	-
Other significant revenue		
Interest income	5,578	-

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	149,661	-
Depreciation of tangible fixed assets held under finance leases	552,122	-
Profit on disposal of tangible fixed assets	(40,560)	-
Amortisation of intangible assets	(300,000)	-
Release of negative goodwill	(300,000)	-
Cost of stocks recognised as an expense	26,469,923	-
Operating lease charges	233,370	-
	<u> </u>	<u> </u>

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating profit (Continued)

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	13,934	-
	<u>13,934</u>	<u>-</u>

6 Employees

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

Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
73	74	-	-
23	23	-	-
<u>96</u>	<u>97</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	1,749,741	-	-	-
Social security costs	163,552	-	-	-
Pension costs	49,180	-	-	-
	<u>1,962,473</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	(4,430)	-
Other interest income	10,008	-
Total income	<u>5,578</u>	<u>-</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>(4,430)</u>	<u>-</u>
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SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest payable and similar expenses

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	146,446	-
Other finance costs:		
Other interest	113,626	-
Total finance costs	260,072	-

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	133,060	-
Deferred tax		
Origination and reversal of timing differences	(23,382)	-
Total tax charge	109,678	-

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

	2016 £	2015 £
Profit before taxation	928,742	-
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	185,748	-
Tax effect of expenses that are not deductible in determining taxable profit	4,331	-
Permanent capital allowances in excess of depreciation	(128,471)	-
Deferred tax movement	(23,382)	-
Depreciation add back	140,356	-
Chargeable disposals	(8,904)	-
Taxation charge for the year	169,678	-
Taxation charge in the financial statements	109,678	-
Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database.	60,000	-

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Dividends

	2016 £	2015 £
Interim paid	750,000	-

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2016	-
Additions - separately acquired	(3,088,800)
At 31 December 2016	(3,088,800)
Amortisation and impairment	
At 1 January 2016	-
Amortisation charged for the year	(300,000)
At 31 December 2016	(300,000)
Carrying amount	
At 31 December 2016	(2,788,800)
At 31 December 2015	-

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Tangible fixed assets

Group	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	-	-	-	-	-
Additions	15,617	62,962	155,944	7,087,106	7,321,629
Disposals	-	(47,616)	(58,118)	(2,688,777)	(2,794,511)
At 31 December 2016	15,617	15,346	97,826	4,398,329	4,527,118
Depreciation and impairment					
At 1 January 2016	-	-	-	-	-
Depreciation charged in the year	815	31,787	2,591	661,594	696,787
Eliminated in respect of disposals	-	(21,227)	(2,370)	(1,248,961)	(1,272,558)
At 31 December 2016	815	10,560	221	(587,367)	(575,771)
Carrying amount					
At 31 December 2016	14,802	4,786	97,605	4,985,696	5,102,889

The company had no tangible fixed assets at 31 December 2016 or 31 December 2015.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016	2015	2016	2015
Motor vehicles	4,371,466	-	-	-
Depreciation charge for the year in respect of leased assets	552,122	-	-	-
13 Fixed asset investments				
	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Investments in subsidiaries	14	100	1,108,000	-

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Group

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2016

-

Additions

100

At 31 December 2016

100

Carrying amount

At 31 December 2016

100

At 31 December 2015

-

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2016

-

Additions

1,108,000

At 31 December 2016

1,108,000

Carrying amount

At 31 December 2016

1,108,000

At 31 December 2015

-

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
S M Group Trading Limited	England and Wales	Holding company	Ordinary shares	100.00	
The Southern Motor Group Limited	England and Wales	Sale, hire and servicing of motor vehicles	Ordinary shares	100.00	100.00

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Subsidiaries

(Continued)

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
S M Group Trading Limited	-	12,000
The Southern Motor Group Limited	(847,409)	3,965,864

15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,620,112	-	750,000	-
Carrying amount of financial liabilities				
Measured at amortised cost	17,518,000	-	1,850,000	-

16 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods and goods for resale	11,699,576	-	-	-

17 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	912,188	-	-	-
Other debtors	707,924	-	750,000	-
Prepayments and accrued income	257,978	-	-	-
	1,878,090	-	750,000	-

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Obligations under finance leases	20	2,179,359	-	-	-
Trade creditors		10,335,955	-	-	-
Amounts due to group undertakings		-	-	1,100,000	-
Corporation tax payable		238,725	-	-	-
Other taxation and social security		385,173	-	-	-
Other creditors		1,009,171	-	750,000	-
Accruals and deferred income		759,844	-	-	-
		<u>14,908,227</u>	<u>-</u>	<u>1,850,000</u>	<u>-</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Obligations under finance leases	20	<u>3,233,671</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Finance lease obligations

		Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:					
Within one year		2,179,359	-	-	-
In two to five years		3,233,671	-	-	-
		<u>5,413,030</u>	<u>-</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Provisions for liabilities

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Maintenance provision		113,860	-	-	-
Deferred tax liabilities	22	128,153	-	-	-
		<u>242,013</u>	<u>-</u>	<u>-</u>	<u>-</u>

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 Provisions for liabilities

(Continued)

Movements on provisions apart from deferred tax liabilities:

Group	£
Provisions in the year	113,860
At 31 December 2016	<u>113,860</u>

22 Deferred taxation

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

	Liabilities 2016 £	Liabilities 2015 £
Group		
Accelerated capital allowances	<u>128,153</u>	<u></u>

There were no deferred tax movements in the year.

The deferred tax liability set out above is expected to reverse within 36 months and relates to and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>49,180</u>	<u>-</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2016 £	2015 £
Ordinary share capital Issued and fully paid		
8,000 Ordinary shares of £1 each	<u>8,000</u>	<u>2</u>

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

24 Share capital

(Continued)

Reconciliation of movements during the year:

	Ordinary Number
At 1 January 2016	2
Issue of fully paid shares	7,998
At 31 December 2016	<u>8,000</u>

25 Operating lease commitments

Lessee

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

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	110,000	-	-	-
	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

26 Directors' transactions

Dividends totalling £750,000 (2015 - £0) were paid in the year in respect of shares held by the company's directors.

SOUTHERN MOTOR GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

27 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	819,064	-
Adjustments for:		
Taxation charged	109,678	-
Finance costs	260,072	-
Investment income	(5,578)	-
Gain on disposal of tangible fixed assets	(40,560)	-
Amortisation and impairment of intangible assets	(300,000)	-
Depreciation and impairment of tangible fixed assets	697,815	-
Increase in provisions	113,860	-
Movements in working capital:		
(Increase) in stocks	(11,699,576)	-
(Increase) in debtors	(1,878,090)	-
Increase in creditors	12,490,143	-
Cash generated from/(absorbed by) operations	566,828	-