

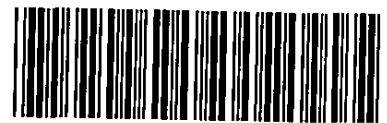
Bristol Street First Investments Limited

Registered number 00251237

Directors' report and financial statements

For the year ended 29 February 2016

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Strategic report

For the year ended 29 February 2016

The Directors present their Strategic Report of the Company for the year ended 29 February 2016

Review of business and future developments

Turnover from continuing operations has increased by £111.4m (14%) to £885.9m for the year and operating profit has increased by £0.8m (14%) to £6.4m. Net assets have increased by £0.3m as a result of £6.3m total comprehensive income and a £6m dividend paid in the year.

The key factors impacting the financial performance for the year ended 29 February 2016 and financial position at 29 February 2016 are consistent with these of the Company's parent Vertu Motors plc. Accordingly, a review of the financial performance and position of the group, headed by Vertu Motors plc ("the Group"), together with details of likely future developments of the Group, which includes the Company, are discussed in the Group's annual report which does not form part of this report.

The Directors consider the trading results for the year ended 29 February 2016 to be satisfactory. The Statement of Income and Retained Earnings for the year is set out on page 6.

The Company has a number of Key Performance Indicators ("KPI's") by which it monitors its business. These include sales volumes by channel, gross profit per unit and in the after-sales arena, measures such as workshop efficiency and recovery rates. An analysis of these KPI's is set out in the Chief Executive's Review on page 9 - 20 of the Group Annual Report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Approved by the Board and signed on its behalf by



M Sherwin

Director

28 November 2016

Vertu House

Fifth Avenue Business Park

Team Valley

Gateshead

Tyne and Wear

NE11 0XA

Directors' report

For the year ended 29 February 2016

The Directors present their annual report and the financial statements of the Company for the year ended 29 February 2016. The registered number of the Company is 00251237.

Principal activities

The principal activity of the Company is the sale and servicing of motor vehicles.

Review of business and future developments

A review of business and future developments of the Company is given in the Strategic Report on page 1.

Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. The Directors monitor the risks in order to limit the adverse effects on financial performance by reviewing levels of debt finance and the related finance costs.

Liquidity risk

The Company manages and uses its working capital to ensure that it has sufficient funds for ongoing operations and future investments.

Credit risk

It is the Company's policy to invest cash and assets safely and profitably. To control credit risk, counterparty credit limits are set by reference to published credit ratings. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned in note 14.

Interest rate risk

The Company is exposed to interest rate risk on its bank balance. The Directors do not believe this constitutes a significant risk to the business.

Dividends

Dividends of 28.17p per share totalling £6,000,000 were paid during the year to 29 February 2016 (2015: 32.86p per share totalling £7,000,000).

Political donations

The Company did not make any political contributions in the year (2015: £Nil).

Directors and Directors' interests

The Directors of the Company during the year and up to the date of signing the financial statements are listed below:

R T Forrester
K Anderson
D Crane
M Sherwin
S Ferry
I Harrison

R T Forrester and M Sherwin are also Directors of the ultimate parent undertaking, Vertu Motors plc, and their interests in the share capital of group undertakings are disclosed in the financial statements of that Company.

Directors' report (continued)

For the year ended 29 February 2016

Colleagues

The Company seeks to fulfil the career aspirations and potential of all colleagues. We want every colleague to enjoy coming to work, feel motivated in everything that they do and to take pride in their contributions to the Company. As the Company expands, the enthusiasm and dedication of our people is a vital factor in the Company's success.

Values

- **Passion**

We are proud of our Company and dedicated to its purpose. We are enthusiastic, enjoy challenges and are eager for success.

- **Respect**

We are friendly and courteous in all our relationships with colleagues, customers and suppliers.

- **Professionalism**

We are reliable and consistent and we excel in the standards and presentation of our people, products and premises.

- **Integrity**

We are trustworthy and honest in all that we say and do and take responsibility for our own actions.

- **Recognition**

We appreciate the endeavours of our colleagues. We praise their achievements and enjoy celebrating their success.

- **Opportunity**

We have a vision of what can be achieved and provide colleagues with personal development, supportive training and exciting career progression.

- **Commitment**

We are all determined to achieve total customer satisfaction by providing a service built on trust.

Employment Policies

The Company's aim is to attract and retain the best people in the automotive retail sector while observing best practice in employment policies and procedures through a commitment to:

- Offering equal opportunities in recruitment and promotion,
- The continuous development of all colleagues,
- Encouraging internal promotion,
- Using progressive, consistent and fair selection methods,
- Offering family friendly policies and ensuring colleagues are treated with respect and dignity in an environment where no form of intimidation or harassment is tolerated.

All appointments are made solely on the basis of a person's suitability for a particular post and without reference to gender, age, ethnic origin, religion or (except where it directly affects safety or job performance) disability. The principle of equality also applies to career development opportunities and to our operations, human resources practices and management processes.

Employment of disabled people is considered on merit with regard only to the ability of the applicant to carry out the function required. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so. A colleague becoming disabled would where appropriate be offered retraining.

Directors' report (continued)

For the year ended 29 February 2016

Communication

Whilst individual achievement is always recognised, good teamwork is at the core of how we operate our business. At the heart of this is good communication. Every colleague has a stake in the business and we want everyone to feel that their voice can be heard. The Company utilises many formal and informal channels to achieve this.

Approved by the Board and signed on its behalf by



M Sherwin
Director
28 November 2016

Vertu House
Fifth Avenue Business Park
Team Valley
Gateshead
Tyne and Wear
NE11 0XA

Statement of Directors' responsibilities

For the year ended 29 February 2016

The Directors are responsible for preparing 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 period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 year. 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,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Profit and Loss Account

For the year ended 29 February 2016

		Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Turnover	Note	885,920	774,562
Cost of sales		(810,536)	(708,623)
Gross profit		75,384	65,939
Distribution costs		(47,545)	(42,156)
Administrative expenses		(21,464)	(18,210)
Operating profit	3	6,375	5,573
Interest receivable and similar income	6	1,291	1,331
Interest payable and similar charges	7	(334)	-
Profit on ordinary activities before taxation		7,332	6,904
Tax on profit on ordinary activities	8	(1,512)	(1,456)
Profit for the financial year		5,820	5,448

All results are derived from continued operations. The notes on pages 10 to 22 form part of the financial statements.

Statement of Other Comprehensive Income

For the year ended 29 February 2016

		Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
	Note		
Profit for the year		5,820	5,448
Other comprehensive income / (expense).			
Actuarial gain/(loss) for the year	17	550	(461)
Deferred tax on actuarial gain/(loss) for the year	16	(111)	92
Total other comprehensive income / (expense)		439	(369)
Total comprehensive income for the financial year		6,259	5,079

Balance Sheet

As at 29 February 2016

		29 February 2016 £'000	28 February 2015 £'000
	Note		
Fixed assets			
Goodwill	11	301	655
Tangible assets	12	1,616	1,507
Retirement benefit asset	17	4,424	3,003
		6,341	5,165
Current assets			
Stocks	13	282,044	203,370
Debtors	14	70,050	55,920
Cash at bank and in hand		5,097	12,858
Total current assets		357,191	272,148
Creditors, amounts falling due within one year	15	(323,936)	(238,170)
Net current assets		33,255	33,978
Total assets less current liabilities		39,596	39,143
Provisions for liabilities	16	(580)	(386)
Net assets		39,016	38,757
Capital and reserves			
Called up share capital	18	21,301	21,301
Profit and loss account		17,715	17,456
Total shareholders' funds		39,016	38,757

The notes on pages 10 to 22 form part of the financial statements

For the year ended 29 February 2016 the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

These financial statements were approved by the board of Directors on 28 November 2016 and were signed on its behalf by



M Sherwin
Director

Statement of Changes in Equity

For the year ended 29 February 2016

	Ordinary share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
Note			
As at 1 March 2014	21,301	19,377	40,678
Profit for the financial year	-	5,448	5,448
Actuarial gain for the year	17	(461)	(461)
Deferred tax on actuarial gain	-	92	92
Total comprehensive income for the year	-	5,079	5,079
Dividends paid	9	(7,000)	(7,000)
As at 28 February 2015	21,301	17,456	38,757
Profit for the financial year	-	5,820	5,820
Actuarial gain for the year	17	550	550
Deferred tax on actuarial gain	-	(111)	(111)
Total comprehensive income for the year	-	6,259	6,259
Dividends paid	9	(6,000)	(6,000)
As at 29 February 2016	21,301	17,715	39,016

Notes to the Financial Statements

For the year ended 29 February 2016

1 Principal accounting policies

General information

Bristol Street First Investments Limited is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, NE11 0XA. The Company's registered number is 00251237.

The principal activity of the Company is the sale and servicing of motor vehicles.

Statement of compliance

The financial statements of Bristol Street First Investments Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions in paragraph 1.12 of FRS 102:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Vertu Motors plc, the ultimate parent company, includes the Company's cash flows,
- from disclosing the Company key management personnel compensation.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year and the preceding financial year, are set out below.

The Company is a wholly-owned subsidiary of Vertu Motors plc and is included in the consolidated financial statements of Vertu Motors plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The Company has taken the exemption from an audit for the year ended 29 February 2016 by virtue of s479A of Companies Act 2006. In order to allow the Company to take the audit exemption, the parent company Vertu Motors plc has given a statutory guarantee of all the outstanding liabilities of the Company as at 29 February 2016.

Under section 479C of the Companies Act 2006, the parent company Vertu Motors plc has guaranteed all outstanding liabilities to which the Company was subject at the end of 29 February 2016 until they are satisfied in full. Such guarantees are enforceable against Vertu Motors plc by any person to whom any such liability is due.

Intangible assets

Goodwill arising in respect of a business combination, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight-line basis over its useful life. For business combinations occurring subsequent to 1 March 2014, the date of the Company's transition to FRS 102, the useful life is 10 years, the maximum period permitted by FRS 102 following early adoption of the amendment to this standard in September 2015. Goodwill arising on business combinations prior to the date of transition has a useful life of 20 years.

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

1 Principal accounting policies (continued)

Intangible assets (continued)

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided at rates calculated to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over their estimated useful lives at the following rates:

Plant, vehicles and equipment	4 – 10 years
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Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In respect of work in progress and finished goods, cost includes overheads, transportation, and duty costs where appropriate. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

The manufacturer invoices new vehicle stock on release from their factory and therefore, although the vehicle may not be present at a Company location, title has passed and therefore the vehicle is recognised in stock upon receipt of the invoice. Other vehicle stock is recognised upon title passing to the Company, typically on physical receipt.

Taxation

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

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

1 Principal accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Turnover

Turnover for the sale of goods and services is measured at the fair value of consideration receivable, net of rebates, value added tax and any discounts

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically despatched or when a service has been undertaken

The Company is managed as one business and one geographical segment. The business comprises dealership operations where dealerships operate a number of different business streams such as new vehicle sales, used vehicle sales and aftersales operations. Management is organised based on the dealership operations as a whole rather than the specific business streams. Therefore, no further segmental analysis is shown, other than that disclosed within the body of these financial statements

Pensions

The Company participates in a Group trust based pension scheme, which included both a defined contribution section and a defined benefit section. The assets of the scheme are held separately from those of the Company in an independently administered fund

Contributions into the defined contribution section ceased on 31 May 2013 upon the implementation of a new Group personal pension arrangement. Both a defined contribution scheme and Group personal pension arrangement are schemes under which the Company pays fixed contributions into an individual's fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior periods

The Group operated defined benefit pension scheme provides benefits based on final pensionable pay for all members. This scheme was closed to new entrants and to future accrual in May 2003. Contributions to this scheme are made by Vertu Motors plc on behalf of all of the participating companies in the Group headed by Vertu Motors plc which includes the Company. The assets of the scheme are held separately from those of the Company

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

There is no contractual agreement or policy for allocating the scheme assets and liabilities to the individual Group companies, therefore the defined benefit pension scheme surplus (to the extent that it is recoverable) or deficit has been recognised in full in these financial statements on the basis that the Company was the most significant participating member of the scheme

2. Directors' Emoluments

No Director received remuneration from the Company in respect of the year ended 29 February 2016 (2015: £Nil)

The emoluments of the directors are paid by the parent Company. All of the Directors' services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be attributable to their services to the parent Company. Accordingly, the above details include no emoluments in respect of these Directors

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

3. Operating profit

Operating profit is stated after charging

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Wages and salaries (note 4)	41,686	37,602
Depreciation of tangible fixed assets – owned assets	633	623
Amortisation of intangible fixed assets	29	12
Loss on disposal of tangible fixed assets	-	20
Operating lease payments	4,195	3,917

4. Wages and salaries

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Wages and salaries	37,606	33,930
Social security costs	3,730	3,328
Other pension costs	350	344
	41,686	37,602

5. Employee numbers

The average monthly number of persons (excluding Directors), employed by the Company, analysed by category, was as follows

	Year ended 29 February 2016 Number	Year ended 28 February 2015 Number
By activity:		
Sales and distribution	581	512
Service, parts and bodyshop	527	484
Administration	245	225
	1,353	1,221

6. Interest receivable and similar income

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Bank interest receivable	-	4
Vehicle stocking interest	1,177	1,187
Net finance income in respect of defined benefit pension scheme	114	140
	1,291	1,331

7. Interest payable and similar charges

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Bank interest payable	334	-
	334	-

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

8. Tax on profit on ordinary activities

a) Analysis of tax

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Current tax		
UK Corporation tax on profits for the year	1,500	1,422
Adjustments in respect of prior years	(71)	5
Total current tax	1,429	1,427
Deferred tax		
Origination and reversal of timing differences	154	46
Adjustments in respect of prior years	(66)	(3)
Impact of change in tax rate	(5)	(14)
Total deferred tax credit (note 16)	83	29
Tax on profit on ordinary activities	1,512	1,456

b) Factors affecting taxation charge in the year

The tax assessed for the year is lower (2015 lower) as the standard rate of corporation tax in the UK (20.08%)

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Profit on ordinary activities, before taxation	7,332	6,904
Profit on ordinary activities multiplied by the standard tax in the UK of 20.08% (2015 21.17%)	1,472	1,462
Non qualifying depreciation	1	1
Non-deductible expenses	17	5
Adjustments in respect of prior years	(76)	(10)
Group relief for no consideration	-	(51)
Rate differences	(66)	(3)
Other permanent relief	(21)	(28)
Pension contributions settled by associate	185	80
Total tax charge for the year	1,512	1,456

The standard rate of tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for the financial year are taxed at an effective rate of 20.08%.

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

8 Tax on profit on ordinary activities (continued)

b) Factors affecting taxation charge in the year (continued)

The Summer Finance Bill 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Accordingly, deferred tax balances have been revalued at the lower rate of 18% in these financial statements.

In addition on 16 March 2016 the Government announced in the 2016 Budget Report that there would be a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. As this had not been substantially enacted at the balance sheet date these rates do not apply to the deferred tax position at 29 February 2016 or to the expected reversal in the subsequent year. This proposal was enacted on 6 September 2016 in the Summer Finance Bill 2016.

During the year ending 28 February 2017, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge by £2,000. This is primarily due to the reversal of timing differences in relation to depreciation in excess of capital allowances.

9. Dividends per share

Dividends of 28.17p per share totalling £6,000,000 were paid in the year to 29 February 2016 (2015 32.86p per share totalling £7,000,000).

10. Investments in subsidiary undertakings

	£'000
Cost	
At 1 March 2015 and 29 February 2016	640
Accumulated impairment	
At 1 March 2015 and 29 February 2016	640
Net book value	
At 1 March 2015 and 29 February 2016	-

The investment value was fully impaired in a previous financial year following receipt of a dividend from the subsidiary undertaking.

Subsidiary undertakings (ordinary shares 100% owned and incorporated within England and Wales) as at 29 February 2016 were:

Company	Principal activity
Boydslaw 103 Limited	Dormant company
Dunfermline Autocentre Limited*	Dormant company

*Held indirectly by the Company

11. Goodwill

	£'000
Cost	
At 1 March 2015	1,055
Disposals	(325)
At 29 February 2016	730
Accumulated amortisation	
At 1 March 2015	400
Amortisation charge	29
At 29 February 2016	429
Net book value	
At 29 February 2016	301
At 28 February 2015	655

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

11. Goodwill (continued)

Disposals relate to the sale of the trade and assets of Horwich Ford, a satellite sales outlet and petrol forecourt during the year

The goodwill arising on the acquisition of unincorporated businesses following the date of transition to FRS 102 is being amortised over 10 years, following early adoption of the September 2015 amendments to FRS 102 section 19. Goodwill arising on acquisitions of unincorporated businesses prior to the date of transition to FRS 102 is being amortised over 20 years

12. Tangible assets

	Plant, vehicles and equipment £'000
Cost	
At 1 March 2015	7,537
Intercompany Transfer	(88)
Additions	808
Disposals	(381)
At 29 February 2016	7,876
Accumulated depreciation	
At 1 March 2015	6,030
Intercompany Transfer	(52)
Charge for the financial year	633
Disposals	(351)
At 29 February 2016	6,260
Net book value	
At 29 February 2016	1,616
At 28 February 2015	1,507

Transfers relate to the transfer of plant, vehicles and equipment to other Group undertakings

13 Stocks

	2016 £'000	2015 £'000
Vehicle stocks	275,844	197,950
Parts, accessories and other stocks	6,200	5,420
	282,044	203,370

Vehicle stocks include new vehicles invoiced not yet paid and held by manufacturers to the order of the Company of £243,829,000 (2015 £159,682,000). A corresponding liability is held within trade creditors

14. Debtors

	2016 £'000	2015 £'000
Trade debtors	10,307	12,115
Amounts owed by Group undertakings	41,567	29,365
Value added tax	17,251	13,436
Prepayments and accrued income	925	1,004
	70,050	55,920

Amounts owed by Group undertakings are unsecured, interest free and carry no fixed repayment date

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

15. Creditors, amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	314,055	226,735
Other creditors	2,572	2,994
Corporation tax	34	1,638
Social security and other taxes	255	244
Accruals and deferred income	7,020	6,559
	323,936	238,170

16. Provisions for liabilities

	Deferred Tax £'000
At 1 March 2015	386
Charged to profit and loss account (note 8(a))	83
Charged to other comprehensive income	111
At 29 February 2016	580

Total deferred tax liability

	2016 £'000	2015 £'000
Pensions	797	601
Accelerated capital allowances	(201)	(204)
Other short term timing differences	(16)	(11)
Total deferred tax liability	580	386

17 Pension scheme

Defined benefit scheme

The Group operates a trust based defined benefit pension scheme, "Bristol Street Pension Scheme", which has three defined benefit sections in which accrual ceased on 31 May 2003. The assets of the scheme are held separately from those of the Group, being held in separate funds by the Trustees of the Bristol Street Pension Scheme.

The Company is a participating employer in the Bristol Street Pension Scheme and as there is no contractual agreement for charging the net defined benefit cost of the scheme between the individual participating employers, the surplus has been recognised in full in these financial statements.

The amounts recognised in the profit and loss account are as follows:

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Scheme expenses	162	125
Net interest income (note 6)	(114)	(140)
Total expense / (income) in the profit and loss account	48	(15)

The amounts recognised in the statement of total recognised gains and losses are as follows:

	Year ended 29 February 2016 £'000	Year ended 28 February 2015 £'000
Actuarial gains/(losses) on defined benefit obligations	1,753	(3,642)
Actual return on assets less interest	(1,203)	3,181
Actuarial gain/(loss), recognised in other comprehensive income	550	(461)

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

17. Pension scheme (continued)

The amounts recognised in the balance sheet are as follows

	29 February 2016 £'000	28 February 2015 £'000
Fair value of scheme assets	38,003	38,252
Present value of funded obligations	(33,579)	(35,249)
Net pension asset	4,424	3,003

Changes in the present value of the defined benefit obligations are as follows

	29 February 2016 £'000
Opening defined benefit obligation	35,249
Interest on scheme liabilities	1,146
Actuarial gain	(1,753)
Benefits paid	(1,063)
Closing defined benefit obligation	33,579

Changes in the fair value of scheme assets are as follows

	29 February 2016 £'000
Opening fair value of scheme assets	38,252
Interest income	1,260
Contributions by employer	919
Return on assets excluding interest income	(1,203)
Benefits paid	(1,063)
Scheme expenses	(162)
Closing fair value of scheme assets	38,003

The fair value of the major categories of scheme assets are as follows

	29 February 2016 £'000	28 February 2015 £'000
Equities and Diversified group funds	14,942	15,536
Bonds	109	22,580
Liability driven Investment Funds	22,826	-
Other	126	136
	38,003	38,252

The principal actuarial assumptions as at the balance sheet date were

	2016 %	2015 %
Discount rate	3.55	3.30
Rate of increase in pensions in payment	3.10	3.00
Inflation	2.10	2.00

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

18. Called up share capital

	2016 £'000	2015 £'000
Authorised.		
21,301,333 ordinary shares of £1 each	21,301	21,301
Allotted and fully paid:		
21,301,333 ordinary shares of £1 each	21,301	21,301

19. Commitments under operating leases

The future aggregate minimum lease payments, under non-cancellable operating leases, is set out below

	Plant, machinery and vehicles 29 February 2016 £'000	Plant, machinery and vehicles 28 February 2015 £'000
Within 1 year	1,753	1,504
Within 2 to 5 years	489	360
	2,242	1,864

20. Contingencies

Gains

Additional amounts may be receivable from HM Revenue and Customs, "HMRC", in respect of overpayments in Value Added Tax in previous years. These will not be recognised until they have been agreed.

21. Related parties

The Company has a related party relationship with its subsidiaries and with its Directors and key management.

The Company is exempt from the requirements of FRS 102 to disclose transactions between group companies as all subsidiaries are wholly owned by Vertu Motors plc who have produced consolidated financial statements.

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

22. Transition to FRS 102

This is the first period that the Company has presented its results under FRS 102. The last financial statements prepared under UK GAAP were for the year ended 28 February 2015. The date of transition to FRS 102 was 1 March 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 28 February 2015 and the total equity as at 1 March 2014 and 28 February 2015 as previously reported and FRS 102.

a) Balance Sheet

		At 1 March 2014			At 28 February 2015		
	Note	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Fixed assets							
Goodwill		167	-	167	655	-	655
Tangible assets		1,403	-	1,403	1,507	-	1,507
Retirement benefit asset	A	-	3,069	3,069	-	3,003	3,003
		1,570	3,069	4,639	2,162	3,003	5,165
Current assets							
Stocks		187,688	-	187,688	203,370	-	203,370
Debtors	A, B	54,136	(165)	53,971	56,515	(595)	55,920
Cash at bank and in hand		12,660	-	12,660	12,858	-	12,858
Total current assets		254,484	(165)	254,319	272,743	(595)	272,148
Creditors: amounts falling due within one year		(217,831)	-	(217,831)	(238,170)	-	(238,170)
Net current assets		36,653	(165)	36,488	34,573	(595)	33,978
Total assets less current liabilities		38,223	2,904	41,127	36,735	2,408	39,143
Provisions for liabilities	A, B	-	(449)	(449)	-	(386)	(386)
Net assets		38,223	2,455	40,678	36,735	2,022	38,757
Capital and reserves							
Called up share capital		21,301	-	21,301	21,301	-	21,301
Profit and loss account	A, B	16,922	2,455	19,377	15,434	2,022	17,456
Total shareholders' funds		38,223	2,455	40,678	36,735	2,022	38,757

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

22. Transition to FRS 102 (continued)

b) Profit and loss account

Note	Year ended 28 February 2015		
	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Turnover	774,562	-	774,562
Cost of sales	(708,623)	-	(708,623)
Gross Profit	65,939	-	65,939
Distribution costs	(42,156)	-	(42,156)
Administrative expenses	(18,085)	(125)	(18,210)
Operating profit	5,698	(125)	5,573
Interest receivable and similar income	1,191	140	1,331
Profit on ordinary activities before taxation	6,889	15	6,904
Tax on profit on ordinary activities	(1,377)	(79)	(1,456)
Profit for the financial year	5,512	(64)	5,448

c) Statement of changes in equity

Note	Year ended 28 February 2015		
	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Balance at 1 March 2014	38,223	2,455	40,678
Profit for the year	5,512	(64)	5,448
Dividends paid	(7,000)	-	(7,000)
Actuarial loss for the year	-	(461)	(461)
Deferred tax relating to the actuarial loss for the year	-	92	92
Balance as at 28 February 2015	36,735	2,022	38,757

A) The Company is a member of a Group pension scheme, providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, the scheme was previously accounted for in these financial statements as if it were a defined contribution scheme, in accordance with FRS 17. The surplus or deficit on the scheme was accounted for in the consolidated financial statements of Vertu Motors plc. FRS 102 requires at least one entity to apply defined benefit scheme accounting in its separate financial statements and accordingly, the pension scheme surplus (to the extent recoverable) has been recognized in these financial statements from the date of transition to FRS 102, 1 March 2014. As a result, at transition, a defined benefit surplus of £3,069,000 has been recognised, as well as scheme expenses of £125,000 and net interest income of £140,000 recognised in profit and loss and an actuarial loss of £461,000 in other comprehensive income during the year ended 28 February 2015.

B) The tax impact of the above adjustment was to recognize a deferred tax liability of £614,000 on transition, and a tax charge of £79,000 in profit and loss and a £92,000 deferred tax credit in other comprehensive income in the year ended 28 February 2015.

Notes to the Financial Statements (continued)

For the year ended 29 February 2016

23 Ultimate parent company and controlling party

The Company's ultimate controlling party is Vertu Motors plc

Vertu Motors plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Vertu Motors plc can be obtained from The Company Secretary, Vertu Motors plc, Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0XA

24 Contingent liability

Along with other members of the Vertu Motors plc group of companies, the Company is party to cross guarantee arrangements for which in the case of the Company, participation is limited to its net asset value, in respect of the Group's borrowings. At 29 February 2016 the Group had drawn £14,000,000 of borrowings (2015: £3,500,000)