Company Registration No. 00586621 (England and Wales)

HAWKINS MOTORS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

HAWKINS MOTORS LIMITED

COMPANY INFORMATION

Directors	Mr W A J Hawkins Mrs W M Hawkins Mr W J Hawkins Mr A J Hawkins
Company number	00586621
Auditor	Phillips Frith LLP 9 Tregarne Terrace St Austell Cornwall PL25 4DD

HAWKINS MOTORS LIMITED

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HAWKINS MOTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business

We consider that our key financial performance indicators are those that communicate the financial performance and strengths of the company as a whole, these being turnover, net profit and reserves.

The 2017 year has once again been a challenging one for the motor trade in which to maintain sales and profitability. As a result of focusing on core values and assisted by the continued growth of the franchises and customer support, the directors are pleased to report a significant increase in sales.

Manufacturers now have greater scope to select their dealership network which means that stricter compliance with manufacturers requirements is necessary. This has financial implications for dealerships and the Hawkins group ensure that sufficient funds are available to ensure full compliance.

At present the company trades from nine different locations throughout Cornwall and holds six different franchises as well has having a centralised parts hub. The directors believe that this diversification provides the best model for continued success.

Principal risks and uncertainties

Whilst conscious of the risks and uncertainties referred to above the directors are nevertheless confident that the company is strongly placed to take advantage of future opportunities having no external borrowing and a well diversified selection of dealer franchises.

Other information and explanations

The company has no external borrowing. In view of the uncertainties inherent in the motor industry and in the economy following the Brexit vote, it is the directors' intention to avoid reliance on external financing.

On behalf of the board

Mr W J Hawkins
Director
4 January 2018

HAWKINS MOTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

The principal activity of the company continued to be that of a 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 W A J Hawkins
Mrs W M Hawkins
Mr W J Hawkins
Mr A J Hawkins

Results and dividends

The results for the year are set out on page 5.
Ordinary dividends were paid amounting to £700,000. The directors do not recommend payment of a further dividend.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- • select suitable accounting policies and then apply them consistently;
- • make judgements and accounting estimates that are reasonable and prudent;
- • state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- • 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.

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 company's auditor 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 company's auditor is aware of that information.

Strategic Report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is included in the Strategic Report on page 1 in accordance with Section 414C (11) of the Companies Act 2006.

On behalf of the board

Mr W J Hawkins
Director **Date** 4 January 2018

HAWKINS MOTORS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HAWKINS MOTORS LIMITED

Opinion

We have audited the financial statements of Hawkins Motors Limited (the 'company') for the year ended 30 June 2017 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- • give a true and fair view of the state of the company's affairs as at 30 June 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Ian Chalmers (Senior Statutory Auditor)
for and on behalf of Phillips Frith LLP

5 January 2018

Chartered Accountants
Statutory Auditor

9 Tregarne Terrace
St Austell
Cornwall
PL25 4DD

HAWKINS MOTORS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover		78,830,027	74,525,571
Cost of sales		(68,543,194)	(65,344,452)
Gross profit		10,286,833	9,181,119
Administrative expenses		(6,923,274)	(6,770,755)
Other operating income		139,545	23,694
Operating profit	**3**	3,503,104	2,434,058
Interest receivable and similar income	**7**	10,909	14,196
Interest payable and similar expenses	**8**	(90,602)	(103,461)
Profit before taxation		3,423,411	2,344,793
Taxation	**9**	(641,608)	(472,197)
Profit for the financial year		2,781,803	1,872,596
Retained earnings at 1 July 2016		9,667,336	8,494,740
Dividends		(700,000)	(700,000)
Retained earnings at 30 June 2017		11,749,139	9,667,336

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

HAWKINS MOTORS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Intangible assets	**10**		3,000		3,000
Tangible assets	**11**		916,484		835,671
Investments	**12**		115,713		88,473
			1,035,197		927,144
Current assets					
Stocks	**13**	10,520,083		10,568,627	
Debtors	**14**	5,978,985		4,560,494	
Cash at bank and in hand		3,646,087		4,375,414	
		20,145,155		19,504,535	
Creditors: amounts falling due within one year	**15**	(8,969,852)		(10,302,982)	
Net current assets			11,175,303		9,201,553
Total assets less current liabilities			12,210,500		10,128,697
Provisions for liabilities	**16**		(456,786)		(456,786)
Net assets			11,753,714		9,671,911
Capital and reserves					
Called up share capital	**19**		1,902		1,902
Revaluation reserve			2,575		2,575
Capital redemption reserve			98		98
Profit and loss reserves			11,749,139		9,667,336
Total equity			11,753,714		9,671,911

The financial statements were approved by the board of directors and authorised for issue on 4 January 2018 and are signed on its behalf by:

Mr W J Hawkins
Director

Company Registration No. 00586621

HAWKINS MOTORS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017		2016	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**22**		744,607		2,535,268
Interest paid			(90,602)		(103,461)
Income taxes paid			(395,627)		(550,094)
Net cash inflow from operating activities			258,378		1,881,713
Investing activities					
Purchase of tangible fixed assets		(302,160)		(207,944)	
Proceeds on disposal of tangible fixed assets		30,786		37,688	
Purchase of fixed asset investments		(27,240)		-	
Interest received		10,909		14,196	
Net cash used in investing activities			(287,705)		(156,060)
Financing activities					
Dividends paid		(700,000)		(700,000)	
Net cash used in financing activities			(700,000)		(700,000)
Net (decrease)/increase in cash and cash equivalents			(729,327)		1,025,653
Cash and cash equivalents at beginning of year			4,375,414		3,349,761
Cash and cash equivalents at end of year			3,646,087		4,375,414

1 Accounting policies

Company information

Hawkins Motors Limited is a company limited by shares incorporated in England and Wales. The registered office is 57 Gwindra Road, St Stephen, St Austell Cornwall PL26 7LB.

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. The principal accounting policies adopted are set out in the directors report.

1.2 Going concern

The accounts have been prepared on the assumption that the company is able to carry on business as a going concern which the directors consider appropriate. The turnover has continued to grow despite the economic climate of recession. The company has no financial borrowing and a healthy reserves balance and balance sheet position.

1.3 Turnover

Turnover represents the net amount invoiced to customers less trade discounts, excluding VAT and sales of fixed assets. In the opinion of the directors the markets supplied do not differ substantially from each other nor has the company carried on business of substantially different classes. The turnover and profit before taxation are attributable to the principle activities of the company and all arises in the United Kingdom.

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.

1.4 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:

Leasehold improvements	2% per annum on the straight line method
Plant, machinery and equipment	20% per annum on the straight line and reducing balance methods
Computer equipment	20% per annum on the straight line method
Motor vehicles	25% per annum on the reducing balance method
Cruiser	5% per annum on the straight line method

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 credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

1.6 Inventories

Inventories and work in progress are stated at the lower of cost and estimated selling price.

Estimated selling price less costs to complete and sell is based on the estimated selling price of the goods less any estimated completion or selling costs likely to be incurred on the sale.

The company has applied the accounting treatment required by FRS 102 Section 13 to its consignment stock.
Where the interest free consignment period has expired, vehicles are included in the statement of financial position as stock with a matching liability for the purchase price included in trade creditors.

A review for obsolete stock is carried out on a timely basis and any losses of stocks are recognised as an expense in the period in which the write-down or loss occurs.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and includes only cash in hand.

1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with 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.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price. Financial assets are all receivable within one year are therefore not amortised.

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price. Financial liabilities are all potentially payable within one year are therefore not amortised.

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 as payment is due within one year or less

1.9 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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.

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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company 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.

1.11 Employee benefits

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

1.12 Retirement benefits

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

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.
These judgements and estimates are not material to the group or the company.

3 Operating profit

Operating profit for the year is stated after charging/(crediting):	2017 £	2016 £
Depreciation of owned tangible fixed assets	191,899	161,809
Profit on disposal of tangible fixed assets	(1,338)	(2,964)
Cost of stocks recognised as an expense	67,684,592	64,546,403

4 Auditor's remuneration

Fees payable to the company's auditor and associates:	2017 £	2016 £
For audit services		
Audit of the financial statements of the company	36,225	35,745
For other services		
Other taxation services	-	1,800
All other non-audit services	2,085	5,013
	2,085	6,813

5 Employees

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

	2017 Number	2016 Number
Sales	94	85
Servicing and repairs	93	88
Administration and clerical	40	41
	227	214

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	4,326,442	4,058,267
Social security costs	460,389	399,451
Pension costs	165,399	499,048
	4,952,230	4,956,766

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	133,312	143,815
Directors pension	75,988	415,016
	209,300	558,831

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	10,909	14,196

8 Interest payable and similar expenses

	2017	2016
	£	£
Other finance costs:		
Other interest	90,602	103,461

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	641,608	462,069
Deferred tax		
Origination and reversal of timing differences	-	10,128
Total tax charge	641,608	472,197

9 Taxation **(Continued)**

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

	2017	2016
	£	£
Profit before taxation	3,423,411	2,344,793
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	676,124	468,959
Tax effect of expenses that are not deductible in determining taxable profit	1,910	2,316
Tax effect of income not taxable in determining taxable profit	(24,350)	-
Group relief	(8,991)	-
Permanent capital allowances in excess of depreciation	(3,085)	(9,206)
Deferred tax charge/ (credit) for the year	-	10,128
Tax expense for the year	641,608	472,197

10 Intangible fixed assets

	Apartment rights
	£
Cost	
At 1 July 2016 and 30 June 2017	3,000
Amortisation and impairment	
At 1 July 2016 and 30 June 2017	-
Carrying amount	
At 30 June 2017	3,000
At 30 June 2016	3,000

The historical cost of the apartment rights was £23,000 in 1990.

11 Tangible fixed assets

	Freehold land	Leasehold improvements	Plant, machinery and equipment	Computer equipment	Motor vehicles	Cruiser	Total
	£	£	£	£	£	£	£
Cost							
At 1 July 2016	5,550	319,844	1,150,767	162,483	474,021	311,401	2,424,066
Additions	-	24,851	178,617	-	98,692	-	302,160
Disposals	-	-	-	-	(56,729)	-	(56,729)
At 30 June 2017	5,550	344,695	1,329,384	162,483	515,984	311,401	2,669,497
Depreciation and impairment							
At 1 July 2016	-	40,238	839,178	155,386	285,693	267,900	1,588,395
Depreciation charged in the year	-	6,817	100,300	4,819	64,393	15,570	191,899
Eliminated in respect of disposals	-	-	-	-	(27,281)	-	(27,281)
At 30 June 2017	-	47,055	939,478	160,205	322,805	283,470	1,753,013
Carrying amount							
At 30 June 2017	5,550	297,640	389,906	2,278	193,179	27,931	916,484
At 30 June 2016	5,550	279,606	311,589	7,097	188,328	43,501	835,671

12 Fixed asset investments

	2017	2016
	£	£
Vintage motorcycles	115,713	88,473

During the year additions totalling £27,240 were made to vintage motorcycles. The historical cost of the assets was £121,519. The valuation is provided by the directors.

13 Inventories

	2017	2016
	£	£
Work in progress	131,218	1,477,568
Finished goods and goods for resale	10,388,865	9,091,059
	10,520,083	10,568,627

Included within finished goods and goods for resale is vehicle consignment stock of £714,717 (2016: £724,027). Excluded from inventories at the year end are vehicles received on consignment costing £714,261 (2016: £490,672) which are not considered to be in substance assets of the company as at the statement of financial position date.

14 Debtors

Amounts falling due within one year:	2017	2016
	£	£
Trade debtors	2,751,011	3,038,238
Amounts due from connected companies	3,063,341	1,407,495
Prepayments and accrued income	164,633	114,761
	5,978,985	4,560,494

15 Creditors: amounts falling due within one year

	2017	2016
	£	£
Payments received on account	437,424	340,706
Trade creditors	5,056,641	6,113,741
Amounts due to group undertakings	1,905,770	2,522,414
Corporation tax	350,173	104,193
Other taxation and social security	408,164	433,784
Other creditors	582,391	552,585
Accruals and deferred income	229,289	235,559
	8,969,852	10,302,982

16 Provisions for liabilities

	Notes	2017 £	2016 £
Potential GAP insurance policy claims		359,100	359,100
Deferred tax liabilities	17	97,686	97,686
		456,786	456,786

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Potential GAP insurance policy claims £
At 1 July 2016 and 30 June 2017	359,100

A provision of £359,100 (2016: £359,100) is recognised at the year end for potential claims in respect of GAP insurance policies sold in earlier years. The costs to settle these claims are expected to be incurred in the coming financial years. The provision is a calculated estimate based on claims to date, the total income received in the prior years and the number of policies sold.

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	97,686	97,686

There were no deferred tax movements in the year.

18 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	89,411	84,032

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1,902 ordinary shares of £1 each	1,902	1,902
	1,902	1,902

20 Controlling party

Throughout the year the immediate parent company was Hawkins Holdings Limited (a company incorporated in the UK) which was controlled by members of the Hawkins family who are directors of Hawkins Motors Limited. Its registered office is 57 Gwindra Road, St Stephen. St Austell, Cornwall PL26 7LB. The ultimate controlling parties were the members of the Hawkins family who are the shareholders in Hawkins Holdings Limited.

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	101,312	143,815

Guarantees

Hawkins Motors Limited has given security to Lloyds TSB in the form of a guarantee up to £300,000 for the liabilities of First City Rental Limited.

Disclosure of group transactions

The company was a wholly owned subsidiary of Hawkins Holdings Limited and has used the exemption in FRS102 Section 33 for disclosure of group transactions.

Advances and credits with directors

Included in other creditors are the following amounts owing to the directors arising from transactions between the company and the directors. These are interest free loans to the company repayable on demand. Directors loan accounts have remained in credit throughout the year.

	2017	2016
	£	£
	214,269	235,720

22 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	2,781,803	1,872,596
Adjustments for:		
Taxation charged	641,608	472,197
Finance costs	90,602	103,461
Investment income	(10,909)	(14,196)
Gain on disposal of tangible fixed assets	(1,338)	(2,964)
Depreciation and impairment of tangible fixed assets	191,899	161,809
Movements in working capital:		
Decrease/(increase) in stocks	48,543	(1,189,611)
(Increase)/decrease in debtors	(1,418,491)	555,498
(Decrease)/increase in creditors	(1,579,110)	576,478
Cash generated from operations	744,607	2,535,268
Difference	1	-
Per cash flow statement page	744,608	2,535,268

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.