

Williams Motor Co. (Holdings) Limited

REPORT AND ACCOUNTS

31 December 2013

Registered number: 597708

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Williams Motor Co. (Holdings) Limited

Company Information

Directors

Mrs M M Orton Williams, BA
N J Cook, BSc, FCCA
N J Dunning
J A Fairbotham, FCA
A M Cook, BA

Registered office

2 Vincent Way
Raikes Lane
Bolton
BL3 2NB

Bankers

Barclays Bank Plc
Barclays Corporate
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Solicitors

DWF LLP
Centurion House
1 Scott's Place
2 Hardman Street
Manchester
M3 3AA

Williams Motor Co. (Holdings) Limited

Strategic Report

The directors submit their strategic report for the year ended 31 December 2013.

Business reviews

In virtually every aspect 2013 has been one of the most successful years for the UK motor industry in recent times. Not only did output from car plants increase by 4.5% over the previous year, but new car registrations grew consecutively for 21 months in succession. Rising consumer confidence drove up UK volumes, assisted by low rate finance deals, to 2,264,737 units in 2013, up 10.8% on 2012.

Whilst BMW new car registrations were up by 6.3% overall, retail sales were up 3.2% due to BMW supporting low rate finance and improved market conditions; corporate sales increased by 9.6% as increased support was made available by the manufacturer.

MINI new car registrations increased by 1.2% and achievement of target all year was an uphill task, as our two main sites struggled to meet the required run rate. As we closed the year, the availability of our volume car, MINI Hatch, was restricted as production levels reduced and we awaited the arrival of the new car in the first quarter of 2014. Land Rover produced a record performance in terms of profitability, enjoying strong sales from Evoque and latterly the all new Range Rover.

Volumes of used cars grew by 6.4% on the back of a strong market for almost new vehicles.

Our efforts to increase our aftersales business has seen some success with improvements from service, parts and bodyshop, all achieving growth year on year.

Costs and working capital levels were tightly controlled during the year.

Principal risks & uncertainties

As part of its activities the Group is exposed to a number of risks and uncertainties which fall into five main categories:

Financial

The Group relies on certain funding lines to finance the purchase of vehicles, these being as follows:

	£
Consignment stock funding	22,342,000
Used car funding	13,300,000
Demonstrator and loan car funding	13,000,000
	<u>£48,642,000</u>

The funding lines are expected to continue for the foreseeable future.

The Group renewed its term loan in March 2014 for a period of four years, this giving a degree of certainty until 2018.

The Group currently has in place two interest rate swaps totalling £10m to protect the Group against future interest rate rises; £5m at a fixed rate of 2.99% linked to the London Interbank Offered Rate (LIBOR) and £5m at 1.43%, both until September 2015. At the end of the current year the swaps had a negative market value of £239,000. Cover will be reviewed on an ongoing basis as part of the Group's management of risk.

Operational

Procedures and systems are regularly reviewed to ensure that they remain appropriate. The Group's management systems are run using industry standard software supplied by ADP, a long established software house that specialises in the motor sector. The system is protected by carrying out daily secure backups and these are stored in a safe, remote location.

Williams Motor Co. (Holdings) Limited

Strategic Report

With the UK emerging from recession the main question is whether the current growth is sustainable, particularly as the government's austerity measures will continue for the foreseeable future. The Group will, therefore, continue to focus on areas within its control and look to maintain a low cost base whilst optimising performance.

Personnel

The Group needs to retain key personnel with requisite knowledge, skills and expertise. There have been few changes to the senior management team over the last year and the Group provides significant training and support to them. The Group has a desire to train from within and internal promotions are encouraged where appropriate.

Reputational

The Group has never suffered accidental or malicious events leading to adverse publicity and possible loss of customers. The experience of the Group's senior management team should be able to ensure this type of risk continues to be minimal.

Regularity

The Group operates franchised motor vehicle dealerships which are controlled by the vehicle manufacturers. During the year they provide sales incentives, warranty and other programmes to promote and support their vehicle sales objectives. The Group has always achieved high standards in terms of these incentives and the experience of the management team should maintain these standards of excellence.

Regular reviews of the risks within each of the above categories are carried out and consideration given to the potential impact should an individual risk materialize. Existing internal controls and accounting practices are considered acceptable in order to reduce the risk and provide sufficient direction on how to deal with these issues should they arise.

Key performance indicators

The Group's key financial and other performance indicators during the year were as follows:

	2013 £000	2012 £000	Change %
Turnover	320,773	308,176	+ 4.1
Gross Profit	37,439	35,316	+ 6.0
Operating profit	5,695	5,838	- 2.4
Profit before taxation	5,001	4,612	+8.4
Shareholders' funds	34,043	31,093	+9.5
Average number of employees	614	578	+6.2

Employees

The Group has continued to keep its employees informed on matters affecting them as employees and the financial and economic factors affecting the performance of the Group.

Disabled employees

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

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

Williams Motor Co. (Holdings) Limited

Strategic Report

Environment

The Group recognises that it has a responsibility to manage the impact of its business on the environment both now and in the future and has contracts in place, compliance being regularly reviewed with the aim of reducing its carbon footprint and associated energy bills.

By order of the Board



J A Fairbotham
Director

22 May 2014

Williams Motor Co. (Holdings) Limited

Directors' Report

The directors have pleasure in presenting their directors' report and audited group accounts for the year ended 31 December 2013.

Principal activities

The principal activities of the Company and its subsidiaries are the sale and service of new and used motor vehicles, and the sale of parts and accessories.

Financial review

Please refer to the strategic review.

Results and dividends

Group turnover amounted to £320.8 million (2012: £308.2 million) and the profit before taxation was £5.0 million (2012: £4.6 million). After providing for dividends, taxation and an actuarial gain of £0.2 million (2012: £0.2m) on the pension scheme, the profit of £3.0 million (2012: £2.7 million) has been transferred to reserves.

During the year the directors recommended and paid an interim dividend of £318,902 for 2013 and a final dividend for 2012 of £588,139.

Future Developments

Looking forward to 2014, the economy continues its recovery from recession and this looks set to continue with strong growth occurring in the first quarter.

Profitability should benefit in 2014 from sales of the new Range Rover Sport which is already forward sold for the full year.

During 2014, the Group plans to refurbish its showroom facilities in Liverpool and its motorcycle dealership in Manchester.

Market value of land and buildings

The directors consider that the market value of the Group's properties at 31 December 2013 is not materially different from the net book values in the financial statements.

Charitable and political donations

Donations for charitable purposes in 2013 were £2,222 (2012: £2,419). There were no donations for political purposes in the year.

Williams Motor Co. (Holdings) Limited

Directors' Report

Directors and their interests

The directors of the Company at 31 December 2013 and their interests in the shares of the Company, as recorded in the register of directors' interests, were as follows:

		Shareholdings at 31 December 2013		Shareholdings at 31 December 2012	
		Ordinary		Ordinary	
		B	C	B	C
Mrs M M Orton Williams		2,480	62,560	2,480	62,560
N J Dunning		200	10,541	200	10,541
N J Cook		100	1,768	100	1,768
J A Fairbotham		-	-	-	-
A M Cook		-	9,400	-	9,400
Mrs M M Orton Williams	)	335	21,038	335	21,038
N J Cook	)				
		as			
		trustees			

No right to subscribe for shares in the Company was granted or exercised during the year.

A Directors' and Officers' liability policy was in place during the financial year.

Post balance sheet events

There were no material events which occurred post the balance sheet date.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is unaware. Each of the directors has confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The directors resolved that Baker Tilly UK Audit LLP be reappointed in accordance with the provisions of the Companies Act 2006 s485. Baker Tilly Audit UK LLP has indicated its willingness to continue in office.

By order of the Board



J A Fairbotham
Director

22 May 2014

Williams Motor Co. (Holdings) Limited

Directors' responsibilities in the preparation of financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

We have audited the Group and parent company financial statements (the "financial statements") on pages 9 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 7, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

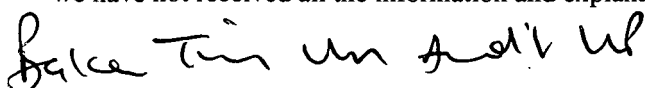
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



DALE THORPE BSc FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester M3 3HF

27 May 2014

Williams Motor Co. (Holdings) Limited

Group Profit and Loss Account

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	1	320,773	308,176
Cost of sales		(283,334)	(272,860)
Gross profit		<u>37,439</u>	<u>35,316</u>
Selling and distribution costs		(7,465)	(6,990)
Administrative expenses		(24,279)	(22,488)
Operating profit	2	<u>5,695</u>	<u>5,838</u>
Exceptional item	3	-	(436)
Profit before interest		<u>5,695</u>	<u>5,402</u>
Interest	6	(694)	(790)
Profit on ordinary activities before taxation		<u>5,001</u>	<u>4,612</u>
Tax on profit on ordinary activities	7	(1,281)	(1,359)
Profit for the financial year	18	<u><u>3,720</u></u>	<u><u>3,253</u></u>

All of the activities of the Group are classed as continuing.

The notes on pages 15 to 29 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Group Statement of Total Recognised Gains & Losses for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Profit for the financial year		3,720	3,253
Movement in actuarial deficit in the pension scheme	5	191	219
Deferred tax relating to the actuarial movement in the pension scheme		(54)	(88)
Total gains relating to the year		<u>3,857</u>	<u>3,384</u>

Williams Motor Co. (Holdings) Limited

Balance Sheets

31 December 2013

Registered number: 597708

		Group		Company	
	Note	2013 £000	2012 £000	2013 £000	2012 £000
Fixed Assets					
Goodwill	9	4,377	4,711	-	-
Tangible assets	10	34,888	35,612	34,729	35,420
Investments	11	-	-	11,023	11,023
		<u>39,265</u>	<u>40,323</u>	<u>45,752</u>	<u>46,443</u>
Current Assets					
Stocks	12	53,878	44,633	50,346	41,721
Debtors	13	12,376	9,463	11,500	8,660
Cash at bank and in hand		972	3,186	1,134	4,087
		<u>67,226</u>	<u>57,282</u>	<u>62,980</u>	<u>54,468</u>
Creditors: amounts falling due within one year	14a	(57,778)	(51,973)	(68,910)	(63,543)
Net current assets/(liabilities)		<u>9,448</u>	<u>5,309</u>	<u>(5,930)</u>	<u>(9,075)</u>
Total assets less current liabilities		<u>48,713</u>	<u>45,632</u>	<u>39,822</u>	<u>37,368</u>
Creditors: amounts falling due after more than one year	14b	(13,932)	(13,607)	(13,932)	(13,607)
Provisions for liabilities and charges					
Deferred taxation	15	(387)	(440)	(394)	(445)
Pension scheme liability	5	(351)	(492)	(351)	(492)
		<u>34,043</u>	<u>31,093</u>	<u>25,145</u>	<u>22,824</u>
Capital and reserves					
Called up share capital	17	261	261	261	261
Share premium account	18	124	124	124	124
Profit and loss account	18	33,658	30,708	24,760	22,439
Equity shareholders' funds	16	<u>34,043</u>	<u>31,093</u>	<u>25,145</u>	<u>22,824</u>

The accounts on pages 9 to 29 were approved by the board of directors, authorised for issue and are signed on its behalf by:

M M Orton Williams

)

) Directors

N J Cook

)

Margaret Orton Williams
N J Cook

22 May 2014

The notes on pages 15 to 29 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Group Cash Flow Statement

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Net cash (outflow)/inflow from operating activities	19(a)	(8,166)	920
Returns on investments and servicing of finance			
Interest received		12	9
Interest paid		(710)	(742)
Interest element of finance lease rental payments		-	(40)
Net return on the pension scheme		4	(17)
		(694)	(790)
Taxation			
UK corporation tax paid		(1,295)	(866)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(494)	(417)
Receipts from sales of tangible fixed assets		4	18
		(490)	(399)
Equity dividends paid		(907)	(716)
Financing			
New loans		1,600	-
Repayment of loans		(1,289)	(1,478)
Movement on vehicle finance loans		9,027	5,029
Capital element of finance lease rental payments		-	(55)
		9,338	3,496
(Decrease)/increase in cash	19(c)	(2,214)	1,645

Further details are given in note 19.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention. No separate profit and loss account is presented for the company as provided by section 408 of the Companies Act 2006.

Basis of consolidation

The group accounts consolidate the accounts of Williams Motor Co. (Holdings) Limited and its subsidiaries. Intra group transactions, balances and profits are eliminated on consolidation. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of the acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill. Where necessary, adjustments are made to the financial statements for subsidiaries to bring accounting policies used into line with those used by the rest of the Group.

Going concern

The company's business activities, together with factors likely to affect future development, performance and position are set out in the Directors' report.

The company has a strong balance sheet and diversified income streams. As a consequence, the company is well placed to manage its business risks despite the uncertain economic outlook.

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. They, therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents the value of goods and services, excluding value added tax, invoiced to third parties. Income is recognised when vehicles are delivered or paid for in full, when parts have been supplied and services have been provided.

Tangible fixed assets and depreciation

Depreciation of tangible fixed assets is charged by equal annual installments commencing with the year of acquisition at rates estimated to write off their cost, less any residual value, over the expected useful lives which are as follows:

Land and buildings	Up to a maximum of fifty years
Plant and equipment	Up to a maximum of ten years
Motor vehicles	Up to a maximum of four years

Land is not depreciated. Leasehold properties are depreciated over the useful life of the lease.

Goodwill

Goodwill arising on acquisitions is capitalised as an intangible fixed asset and amortised on a straight line basis over its useful economic life of between 5 and 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changing circumstances indicate that the carrying value may not be recoverable.

Impairment

The carrying values of tangible and intangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Investments

Investments in subsidiary undertakings are stated at cost. Provision is made for any impairment in the value of investments.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at their estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of vehicles and parts stock represents the purchase price plus any additional costs incurred. Where necessary, provision is made for obsolete, slow moving and defective stock. Cars used for demonstration purposes are valued at cost less an appropriate charge for use.

Vehicles on consignment are included in stock when substantially all of the principal benefits and inherent risks rest with the Group. The corresponding liability is included under creditors.

Financial Instruments

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

Deferred taxation

Deferred taxation 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Defined benefit pension scheme

The pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond. Any increase in the present value of liabilities within the Group's defined benefit scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/costs. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses. (See note 5 for further details.)

Money purchase pension scheme

Contributions are charged to the profit and loss account as they fall due (See note 5 for further details).

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2013

1 Turnover

Turnover is attributable to one continuing activity in the United Kingdom.

The analysis of turnover and profit before taxation by class of business have not been given, as in the opinion of the directors, such disclosure would be seriously prejudicial to the interest of the Group.

2 Operating profit

	2013 £000	2012 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration		
- audit of the parent company and consolidated accounts	45	43
- audit of subsidiary companies	8	8
- audit of associated pension schemes	4	4
- taxation compliance	26	22
- other tax advisory services	7	9
Amortisation of goodwill	334	334
Depreciation	1,187	1,151
Operating lease rentals		
- plant and machinery	91	94
- land and buildings	839	783
Loss/(profit) on disposal of fixed assets	27	(7)

3 Exceptional item

	2013 £000	2012 £000
Provision for impairment to vacant properties to write down the carrying value to the estimated net realisable value.	-	436

4 Directors and employees

Group staff costs (including directors' remuneration) during the year were as follows:	2013 £000	2012 £000
Wages and salaries	19,244	17,978
Social security costs	2,100	1,978
Pension costs	550	517
	21,894	20,473

The monthly average number of persons, including directors, employed by the Group during the year was:

	2013 Number	2012 Number
Production	137	127
Sales and distribution	367	342
Administration	110	109
	614	578

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2013

4 Directors and employees (*continued*)

The total amounts for parent company directors' remuneration (excluding pension contributions) were as follows:	2013 £000	2012 £000
Fees	53	53
Executive remuneration and benefits	609	613
	<u>662</u>	<u>666</u>

Number of directors to whom retirement benefits are accruing under defined benefit pension schemes in respect of qualifying services	2	2
--	---	---

Three directors (2012: two) have benefits accruing under a Group Personal Pension scheme. Pension contributions of £18,038 (2012: £18,182) were made on behalf of these directors.

Highest paid director

	2013 £000	2012 £000
Emoluments	390	399
Accrued pension at year end – defined benefit scheme - per annum	66	64

5 Pension costs

The Group operates a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group and amounted to £480,000 (2012: £453,000) of which £41,000 (2012: £39,000) were payable to the fund at the year end and are included in creditors.

The Group also operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 30 June 2009 and updated to 31 December 2013 by a qualified independent actuary. The major assumptions used by the actuary were:

	2013 %	2012 %	2011 %	2010 %	2009 %
Discount rate at 31 December	4.50	4.25	4.70	5.40	5.70
Inflation	3.40	2.75	2.70	3.40	3.00
Future salary increases	-	2.00	1.95	3.00	3.00
Future pension increases	2.50	2.00	1.95	3.40	3.00
Expected returns on plan assets at 31 December					
Equities	7.00	6.30	6.20	7.00	7.50
Gilts	3.50	2.70	2.50	4.00	4.50
Corporate Bonds	4.50	4.25	4.70	5.40	5.70
Cash and other	0.50	0.50	0.50	0.50	0.50

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2013

5 Pension costs (continued)

The mortality assumptions used in the valuation of the pension liabilities were:

	2013	2012
Pre retirement mortality (non pensioners)	S1PXA/CMI-2011 [1.0%]	S1PXA/CMI- 2011 [1.0%]
Post retirement mortality (non pensioners)	S1PXA/CMI-2011 [1.0%]	S1PXA/CMI- 2011 [1.0%]
Post retirement mortality (pensioners)	S1PXA/CMI-2011 [1.0%]	S1PXA/CMI- 2011 [1.0%]

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

	2013 £000	2012 £000
<u>Analysis of amount charged to operating profit</u>		
Current service cost	-	(2)
Total operating charge	-	(2)
<u>Analysis of amount charged to other finance income</u>		
Expected returns on pension scheme assets	156	151
Interest on pension scheme liabilities	(152)	(168)
Net return (interest)	4	(17)
<u>Analysis of amount recognised in statement of total recognised gains and losses (STRGL)</u>		
Actual return less expected return on pension scheme assets	133	(229)
Changes in assumptions underlying the present value of the scheme liabilities	58	448
Actuarial gain recognised in STRGL	191	219
<u>Changes in the present value of the defined benefit obligation</u>		
Opening defined benefit obligation	3,617	3,603
Service cost	-	2
Interest cost	152	168
Contributions by scheme participants	-	1
Actuarial gains	(196)	(88)
Benefits paid	(174)	(69)
Closing defined benefit obligation	3,399	3,617

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2013

5 Pension costs (continued)

	2013 £000	2012 £000
<u>Changes in the fair value of plan assets</u>		
Opening plan assets	2,978	2,762
Expected return	156	151
Actuarial (losses)/gains	(5)	131
Contributions by employer	-	2
Contributions by scheme participants	-	1
Benefits paid	(174)	(69)
Closing plan assets	2,955	2,978

The actual return on plan assets was a gain of £151,000 (2012: £282,000).

	2013 £000	2012 £000
Present value of funded obligations	(3,399)	(3,617)
Fair value of plan assets	2,955	2,978
Deficit	(444)	(639)
Related deferred tax asset	93	147
Net pension liabilities	(351)	(492)
	Cumulative 2013 £000	Cumulative 2012 £000

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

Actual return less expected return on pension scheme assets	(140)	(135)
Experience gains and losses arising on scheme liabilities	501	438
Changes in assumptions underlying the present value of the scheme liabilities	(492)	(625)
Recognition of GMP underpin liability	(210)	(210)
Actuarial loss recognised in STRGL	(341)	(532)

	2013 %	2012 %
<u>Major categories of plan assets as a percentage of fair value of total plan assets</u>		
Equities	25	33
Diversified growth assets	15	14
Corporate bonds	20	19
High yield bonds/emerging market debt	5	15
Gilts	21	6
Property	13	12
Other	1	1
	100%	100%

Williams Motor Co. (Holdings) Limited

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5 Pension costs (*continued*)

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	(3,399)	(3,617)	(3,603)	(3,232)	(2,751)
Plan assets	2,955	2,978	2,762	3,028	2,690
(Deficit)/surplus	(444)	(639)	(841)	(204)	(61)
Experience adjustments on plan liabilities	63	317	-	-	113
Experience adjustments on plan assets	(5)	131	(364)	152	338

The Group has agreed to contribute £51,000 per annum to its defined benefit pension plan, the first payment to be made by 1 May 2014. This is based on a plan to eliminate the deficit on the technical provisions basis over a 12 year period.

6 Interest

	2013 £000	2012 £000
Interest receivable:		
Bank interest receivable	12	9
Net return on pension scheme	4	-
Interest receivable	16	9
Interest payable:		
Bank loans and overdrafts	(484)	(522)
Vehicle stocking finance	(226)	(220)
Finance lease and hire purchase contracts	-	(40)
Net interest on pension scheme	-	(17)
Interest payable	(710)	(799)
Net interest	(694)	(790)

7 Tax on profit on ordinary activities

(a) Taxation

Corporation tax:

UK corporation tax at 23.25% (2012: 24.50%)

Corporation tax over provided in prior years

Deferred tax:

Current year

Over provided in prior years

Tax on profit on ordinary activities

1,350	1,439
(16)	(37)
1,334	1,402
(14)	(40)
(39)	(3)
(53)	(43)
1,281	1,359

Williams Motor Co. (Holdings) Limited

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7 Tax – (continued)

(b) Factors affecting current tax charge

The reconciliation of the tax assessed on the profit on ordinary activities for the year compared to the standard rate of corporation tax in the UK of 23.25% (2012: 24.50%) is as follows:

	2013 £000	2012 £000
Profit on ordinary activities before tax	5,001	4,612
Profit on ordinary activities multiplied by rate of tax	1,163	1,130
Excess of depreciation over capital allowances	61	69
Expenses not deductible for tax purposes	118	216
Other short term timing differences and unrealised tax losses	8	24
Over provision in prior years	(16)	(37)
Total current tax (note 7(a))	1,334	1,402

8 Dividends

	2013 £000	2012 £000
Interim ordinary: 122% (2012: 122%) paid	319	319
Final ordinary: 225% (2012: 152%) paid	588	397
Dividends to equity shareholders	907	716

The final dividend paid in 2013 related to profits earned during the year to 31 December 2012.

Williams Motor Co. (Holdings) Limited

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for the year ended 31 December 2013

9 Goodwill

	Group £000	Company £000
Cost or valuation		
At 1 January 2013	7,868	1,088
At 31 December 2013	7,868	1,088
Amortisation		
At 1 January 2013	3,157	1,088
Charge for year	334	-
At 31 December 2013	3,491	1,088
Net book value		
At 31 December 2013	4,377	-
At 31 December 2012	4,711	-

10 Tangible fixed assets

Group	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2013	26,354	9,902	8,529	314	45,099
Additions	-	54	422	18	494
Disposals	-	-	(320)	(24)	(344)
At 31 December 2013	26,354	9,956	8,631	308	45,249
Depreciation					
At 1 January 2013	2,195	1,152	5,951	189	9,487
Charge for year	270	111	748	58	1,187
Disposals	-	-	(290)	(23)	(313)
At 31 December 2013	2,465	1,263	6,409	224	10,361
Net book value					
At 31 December 2013	23,889	8,693	2,222	84	34,888
At 31 December 2012	24,159	8,750	2,578	125	35,612

The net book value of plant and equipment above includes £154,000 (2012: £207,000) in respect of assets held under finance leases and hire purchase agreements. The depreciation charge for the year on these assets was £53,000.

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for the year ended 31 December 2013

10 Tangible fixed assets (continued)

Company	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2013	26,354	9,902	8,162	299	44,717
Additions	-	54	408	18	480
Disposals	-	-	(320)	(24)	(344)
At 31 December 2013	26,354	9,956	8,250	293	44,853
Depreciation					
At 1 January 2013	2,195	1,152	5,770	180	9,297
Charge for year	270	111	705	54	1,140
Disposals	-	-	(290)	(23)	(313)
At 31 December 2013	2,465	1,263	6,185	211	10,124
Net book value					
At 31 December 2013	23,889	8,693	2,065	82	34,729
At 31 December 2012	24,159	8,750	2,392	119	35,420

The net book value of plant and equipment above includes £154,000 (2012: £207,000) in respect of assets held under finance leases and hire purchase agreements. The depreciation charge for the year on these assets was £53,000.

11 Fixed asset investments

	2013 £000	2012 £000
Shares in subsidiary companies		
Cost at 31 December 2012	11,023	11,023
Cost at 31 December 2013	11,023	11,023

Williams Motor Co. (Holdings) Limited

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for the year ended 31 December 2013

11 Fixed asset investments (continued)

The under mentioned are subsidiary companies. All of the companies are incorporated in the United Kingdom and are registered in England. The parent company owns 100% of the share capital and voting rights of the companies.

Name of subsidiary	Country of incorporation	Type of share capital	Percentage of shares held by parent and group	Nature of business
Williams Motor Co.Ltd	UK	Ordinary	100%	Motor dealership
Williams (Bolton) Ltd	UK	Ordinary	100%	Dormant
Williams Motor Company (Manchester) Ltd	UK	Ordinary	100%	Dormant
Williams Rochdale Ltd	UK	Ordinary	100%	Dormant
Orlando Street Bridge (Bolton) Ltd	UK	Ordinary	100%	Dormant
Nine Gorrells Way Ltd	UK	Ordinary	100%	Dormant
Williams Stockport Ltd	UK	Ordinary	100%	Dormant
Benham (Specialist Cars) Ltd	UK	Ordinary	100%	Dormant

12 Stocks

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Vehicles	52,890	43,670	49,480	40,869
Parts and other stocks	988	963	866	852
	<u>53,878</u>	<u>44,633</u>	<u>50,346</u>	<u>41,721</u>

Vehicles held on consignment from the manufacturers are included within the balance sheet as consignment stock. Stocks of vehicles for the Group shown above include £6,533,000 (2012: £12,264,000) in respect of vehicles held on consignment. The corresponding liabilities are shown under creditors.

13 Debtors

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Due within one year:				
Trade debtors	6,984	5,372	6,323	4,776
Other debtors	1,739	1,316	1,674	1,229
Other tax and social security	1,052	-	1,047	-
Prepayments and accrued income	2,601	2,775	2,456	2,655
	<u>12,376</u>	<u>9,463</u>	<u>11,500</u>	<u>8,660</u>

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for the year ended 31 December 2013

14 (a) Creditors: amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans and overdraft	1,133	1,133	1,133	1,133
Payments on account	1,074	812	788	675
New car consignment	6,533	12,264	5,140	10,867
New car fully paid finance loans	15,358	3,515	15,358	3,515
Used/demonstrator vehicle finance loans	18,569	21,385	17,750	20,708
Trade creditors	8,429	6,796	8,008	6,397
Amounts owed to group undertakings	-	-	14,391	14,636
Other creditors	1,517	1,459	1,490	1,429
Other loans	320	334	320	334
Corporation tax	1,125	1,086	943	880
Other taxation and social security costs	641	297	589	134
Accruals and deferred income	3,079	2,892	3,000	2,835
	<u>57,778</u>	<u>51,973</u>	<u>68,910</u>	<u>63,543</u>

The bank loans and overdraft facility are secured by fixed and floating charges over the Group's assets.

Finance lease and hire purchase liabilities are secured upon the underlying assets.

Vehicle stocking finance is secured by a charge on the vehicles concerned, which are included in vehicle stocks.

A commercial rate of interest is charged on all loans and overdrafts.

14 (b) Creditors: Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans	12,652	13,607	12,652	13,607
Other loans	1,280	-	1,280	-
	<u>13,932</u>	<u>13,607</u>	<u>13,932</u>	<u>13,607</u>

Williams Motor Co. (Holdings) Limited

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for the year ended 31 December 2013

14 (b) Creditors: amounts falling due after more than one year (*continued*)

Bank loans

The maturity of these amounts is as follows:

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
In one year or less	1,133	1,133	1,133	1,133
Between one and two years	1,133	13,607	1,133	13,607
Between two and five years	11,519	-	11,519	-
	<u>13,785</u>	<u>14,740</u>	<u>13,785</u>	<u>14,740</u>

The Group has a bank loan arrangement of £14m which is repayable by sixteen quarterly instalments of £283,333 and a final payment of £9,467,000 in February 2018. Interest is payable on the £14m loan at 1.85% over LIBOR.

Two interest rate swaps totalling £10m are in place to protect the Group against future interest rate rises; £5m at a fixed rate of 2.99% linked to the London Interbank Offered Rate (LIBOR) and £5m at 1.43%, both until September 2015. At the end of the current year the swaps had a negative market value of £239,000. Cover will be reviewed on an ongoing basis as part of the Group's management of risk.

The Group renewed its term loan in March 2014 for a period of four years, this giving a degree of certainty until 2018.

Other loans

The maturity of these amounts is as follows:

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
In one year or less	320	334	320	334
Between one and two years	1,280	-	1,280	-
	<u>1,600</u>	<u>334</u>	<u>1,600</u>	<u>334</u>

Williams Motor Co. (Holdings) Limited

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for the year ended 31 December 2013

15 Deferred taxation

	Group £000	Company £000
At 31 December 2012	440	445
Credited in the year	(53)	(51)
At 31 December 2013	<u>387</u>	<u>394</u>

Provision for deferred tax has been made up as follows:

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Excess of capital allowances over depreciation	516	604	522	608
Short term timing differences	(129)	(164)	(128)	(163)
	<u>387</u>	<u>440</u>	<u>394</u>	<u>445</u>

16 Reconciliation of shareholders' funds

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Balance at 1 January	31,093	28,425	22,824	20,687
Profit for the financial year	3,720	3,253	3,091	2,722
Dividends paid	(907)	(716)	(907)	(716)
Actuarial gain on pension scheme	191	219	191	219
Deferred tax movement relating to the pension scheme	(54)	(88)	(54)	(88)
Net addition to shareholders' funds	<u>2,950</u>	<u>2,668</u>	<u>2,321</u>	<u>2,137</u>
Closing shareholders' funds	<u>34,043</u>	<u>31,093</u>	<u>25,145</u>	<u>22,824</u>

All shareholders' funds are classed as equity.

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17 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2013	2012	2013	2012
	Number	Number	Number	Number
'B' Ordinary shares of £1 each	5,000	5,000	5,000	5,000
'C' Ordinary shares of £1 each	295,000	295,000	256,395	256,395
	<u>300,000</u>	<u>300,000</u>	<u>261,395</u>	<u>261,395</u>

'C' Ordinary shares rank pari passu in all respects to 'B' Ordinary shares save that they have no voting rights except on the variation of their terms.

18 Reserves

	Group		Company	
	Share premium account	Profit and loss account	Share premium account	Profit and loss account
	£000	£000	£000	£000
At 1 January 2013	124	30,708	124	22,439
Profit for the year	-	3,720	-	3,091
Dividends paid	-	(907)	-	(907)
Actuarial gain recognised in pension scheme	-	191	-	191
Movement in deferred tax relating to pension liability	-	(54)	-	(54)
At 31 December 2013	<u>124</u>	<u>33,658</u>	<u>124</u>	<u>24,760</u>

The company has taken advantage of Section 408 of the Companies Act 2006 and not published its own profit and loss account. Included in the consolidated profit and loss account attributable to shareholders is a profit of £3,091,000 (2012: £2,722,000), which has been dealt with in the accounts of the parent undertaking.

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for the year ended 31 December 2013

19 Cash flow statement

a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2013 £000	2012 £000
Operating profit	5,695	5,838
Depreciation	1,187	1,151
Amortisation	334	334
Loss/(profit) on sale of fixed assets	27	(7)
(Increase)/decrease in stocks	(9,245)	271
Increase in debtors	(2,913)	(400)
Decrease in creditors	(3,247)	(6,284)
FRS 17 effect on pension costs	(4)	17
Net cash (outflow)/inflow from operating activities	(8,166)	920

b) Reconciliation of net cash flow to movement in net funds

	2013 £000	2012 £000
(Decrease)/increase in cash	(2,214)	1,645
Capital element of finance lease and hire purchase rentals	-	-
Change in net debt resulting from cash flows	(2,214)	1,645
New loans	(10,627)	(5,029)
Repayment of loans	1,289	1,533
Movement in net debt	(11,552)	(1,851)
Net debt at 1 January 2013	(36,788)	(34,937)
Net debt at 31 December 2013	(48,340)	(36,788)

c) Analysis of changes in net debt

	At 31 December 2012 £000	Cash flow £000	At 31 December 2013 £000
Cash at bank and in hand	3,186	(2,214)	972
Bank overdraft	-	-	-
	3,186	(2,214)	972
Bank loans	(14,740)	955	(13,785)
Used/demonstrator vehicle finance	(24,900)	(9,027)	(33,927)
Other loans	(334)	(1,266)	(1,600)
	(39,974)	(9,338)	(49,312)
Total	(36,788)	(11,552)	(48,340)

Williams Motor Co. (Holdings) Limited

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20 Operating lease commitments

At 31 December 2013 the Group had annual commitments under non-cancellable operating leases as set out below:

	31 December 2013		31 December 2012	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	6	31	7	39
- within two to five years	175	7	135	2
- after more than five years	659	-	697	-
	<u>840</u>	<u>38</u>	<u>839</u>	<u>41</u>

21 Capital commitments

Amounts contracted for but not provided in the group accounts amount to £1,562,000 (2012: £38,000).

22 Related party transactions

The company has chosen to take advantage of the exemption provided under FRS 8 "Related party transactions" from disclosing transactions with group companies.

During the year, the company and a subsidiary provided interest free loans to 11 directors and senior managers, to enable them to acquire cars at cost under a company car scheme. Under this scheme, the companies have the option to repurchase these vehicles within the next twelve months. The maximum amount outstanding during the year was £684,000. At the year end, loans totalling £664,000 in respect of 15 vehicles were outstanding.

No other transactions have occurred which would require disclosure under FRS 8.

23 Ultimate controlling party

There is no ultimate controlling party of the company.