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Williams Motor Co. (Holdings) Limited

REPORT AND ACCOUNTS

31 December 2014

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
A M Cook, BA
J A Fairbotham, FCA (resigned 31 October 2014)

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
1 Scott 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 2014.

Business strategy

The Group's strategy is to operate premium franchises in the UK Motor Sector.

Our aim is to continue to invest in staff and facilities and to grow the business by a combination of organic growth in the existing businesses as well as from selective acquisitions.

Our objective is to be the leading premium private motor group in the North of England.

Business review

Key Performance Indicators

	2014	2013	% Change
Turnover	£362.6m	£320.8m	+ 13.0
Gross Profit	£38.0m	£37.4m	+ 1.6
Operating profit	£4.7m	£5.7m	- 17.5
Profit before taxation	£4.0m	£5.0m	- 20.0
Shareholder's funds	£35.6m	£34.0m	+ 4.7
Group employees	642	614	+ 4.6

UK car registrations returned to pre-recession levels in 2014, as pent up demand from the recession years, combined with confidence in the economy, saw consumer demand grow consistently throughout the year. Registrations ended the year at 2,476,435 units, the highest figure since 2004, with the market up 9.3% year on year.

	2014	2013	% Change
UK New Car Market	2,476,435	2,264,737	+9.3
BMW	148,878	135,583	+9.8
MINI	53,661	51,933	+3.3
Land Rover	56,200	54,699	+2.7
BMW Motorcycles	6,942	6,073	+14.3

The group's BMW registrations grew by 4.4% and retail sales were up 16.5% as the manufacturer continued to take advantage of low interest rates. Corporate sales increased by 5.0%. Our lack of new car sales rate in Liverpool, as a result of the refurbishment in 2014, meant the group did not achieve its sales targets without preregistering vehicles and this has had a dramatic effect on the group's overall new car profitability.

As MINI production levels began to return to normal so our new car registrations grew by 4.5%. Both Land Rover and motorcycles performed above their expected levels and produced record performances.

It was pleasing to see that our continued focus on aftersales resulted in an increase in direct profit contribution of 10.3%.

Williams Motor Co. (Holdings) Limited

Strategic Report

Principal Risks

All businesses entail elements of risk and the Board maintains a policy of reviewing risks which may cause the group's results to under-perform against those of similar sized groups. The main areas of risk are highlighted below:

1. Finance & Treasury

The group relies on manufacturer funding lines to fund the purchase of vehicles and these are expected to continue for the foreseeable future.

Funding Levels	2014
Consignment stock	£25.1m
Used stock	£14.3m
Demo/Loan stock	<u>£17.6m</u>
Total	<u>£57.0m</u>

We continue to produce strong cash flow generation and review stock levels on a weekly basis.

The group's banking facilities (£3m overdraft and £12.5m loan), reviewed in 2013 with Barclays PLC, will remain in place until March 2018 and give certainty until then.

The group has two interest rate swaps totalling £10m in place to provide a degree of certainty in its interest rate costs. Fixed rate swaps at a rate of 2.99% and another at 1.43%, both covering £5m each, remain in place and are due to expire in September 2015. A new £10m interest rate swap at a rate of 1.45% has been arranged after the year end and this will expire in September 2020.

At the end of the year the swaps had a negative market value of £120k.

2. Operational

The Board reviews key performance information on both financial and compliance matters. Specific areas of risk assessment and control fall within the remit of the Board or the executive team. Internal controls and company policy statements are regularly reviewed at executive level, which report any material changes to the Board.

We adopt and regularly update robust business measures to protect our dealer management systems. We have the flexibility of being able to deploy key functions to alternative centres due to the close proximity of our centres.

3. Manufacturer Relationships

We maintain close contact with our vehicle manufacturers and seek to ensure our respective goals are communicated, understood and aligned to deliver mutually acceptable performance. Our performance and investment in facilities maintains our reputation as a quality representative for our brands.

We continue to focus on areas of the business that reduce our reliance on new vehicles by developing both used cars and aftersales revenues.

Equality of Opportunity

We are an equal opportunity employer and we aim to ensure that our employees achieve their full potential and all employment decisions are taken without reference to discriminating criteria throughout the whole employment process.

Williams Motor Co. (Holdings) Limited

Strategic Report

Ethical Employment

It is the company's policy to offer equal opportunities to disabled persons applying to vacancies and provide them with the same opportunities as all other employees, within the limitations of their aptitude and abilities. In the event of any staff member becoming disabled, every effort is made to ensure that their employment with the company continues.

Employment with the company is based on the person's ability to work and not on the basis of race, individual characteristics, creed or political opinion.

Environmental

We continue to see growth in both hybrid and full electric vehicles. We are fortunate to represent vehicle brands that are responding to the greener agenda of governments. Investment is being made at all centres to cater for the sale and servicing of such vehicles.

Future Developments

The group is entering a period of re-investment in its facilities that are required to meet new manufacturer's standards. During 2015 we envisage further investment in facilities at Liverpool MINI, Manchester and Motorcycles.

By order of the Board



N J Cook
Managing Director

29th May 2015

Williams Motor Co. (Holdings) Limited

Directors' Report

The directors are pleased to submit their report and the audited group financial statements for the year ended 31st December 2014.

Principal activities

The main activities of the company and its subsidiaries are the sale and service of motor vehicles and motorcycles, including the sale of tyres, oil, parts and accessories.

Operational Review

Please refer to the business review section of the strategic report.

Results and dividends

Turnover for the year was £362.6m, up 13% on 2013 whilst profit before taxation was £4.0m, down from £5.0m in 2013.

A sum of £1.5m (2013: £3.0m) was transferred to reserves, which was after providing for dividends, taxation and an actuarial loss on the pension scheme of £0.7m (2013: gain £0.2m).

An interim dividend of £318,902 was paid on the 5th December 2014.

The directors are recommending a final dividend of £588,139 (2013: £588,139) which will be payable on 1st July 2015, bringing the total dividend to £907,041 (2013: £907,041).

Market value of land and buildings

The directors consider that the market value of the Group's properties at 31 December 2014 is not materially different from the net book values in the financial statements.

Donations

Charitable donations amounted to £2,391 (2013: £2,222).

No political donations were made during the year. (2013: £nil).

Directors

The following were directors of the company at the end of the financial year and their interests in the shares of the company are as follows:

	Shareholdings at 31 December 2014		Shareholdings at 31 December 2013	
	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
A M Cook	-	9,400	-	9,400
Mrs M M Orton Williams) as	335	21,038	335	21,038
N J Cook) trustees				

Mr J A Fairbotham resigned from the board on 31st October 2014.

No right to subscribe for shares in the company was granted or exercised during the year. A directors' liability policy was in place during the financial year.

Williams Motor Co. (Holdings) Limited

Directors' Report

Post balance sheet events

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

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 audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Baker Tilly UK Audit LLP has expressed its willingness to continue in office, after the directors resolved to re-appoint them in accordance with the provision of S485 of the Companies Act 2006.

By order of the Board



N J Cook
Managing Director

29th May 2015

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 2014 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 matters 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

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

1 June
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Williams Motor Co. (Holdings) Limited

Group Profit and Loss Account

for the year ended 31 December 2014

	Note	2014 £000	2013 £000
	1		
Turnover		362,570	320,773
Cost of sales		(324,549)	(283,334)
Gross profit		38,021	37,439
Selling and distribution costs		(8,077)	(7,465)
Administrative expenses		(25,219)	(24,279)
Operating profit	2	4,725	5,695
Interest	5	(718)	(694)
Profit on ordinary activities before taxation		4,007	5,001
Tax on profit on ordinary activities	6	(1,034)	(1,281)
Profit for the financial year	17	2,973	3,720

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

The notes on pages 13 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 2014

	Note	2014 £000	2013 £000
Profit for the financial year		2,973	3,720
Movement in actuarial deficit in the pension scheme	4	(676)	191
Deferred tax relating to the actuarial movement in the pension scheme		119	(54)
Total gains relating to the year		<u>2,416</u>	<u>3,857</u>

Williams Motor Co. (Holdings) Limited

Balance Sheets

31 December 2014

Registered number: 597708

		Group		Company	
	Note	2014 £000	2013 £000	2014 £000	2013 £000
Fixed Assets					
Goodwill	8	4,043	4,377	-	-
Tangible assets	9	36,392	34,888	36,241	34,729
Investments	10	-	-	11,023	11,023
		<u>40,435</u>	<u>39,265</u>	<u>47,264</u>	<u>45,752</u>
Current Assets					
Stocks	11	52,628	53,878	48,655	50,346
Debtors	12	14,893	12,376	14,095	11,500
Cash at bank and in hand		1,329	972	814	1,134
		<u>68,850</u>	<u>67,226</u>	<u>63,564</u>	<u>62,980</u>
Creditors: amounts falling due within one year	13a	(60,167)	(57,778)	(71,651)	(68,910)
Net current assets/(liabilities)		<u>8,683</u>	<u>9,448</u>	<u>(8,087)</u>	<u>(5,930)</u>
Total assets less current liabilities		<u>49,118</u>	<u>48,713</u>	<u>39,177</u>	<u>39,822</u>
Creditors: amounts falling due after more than one year	13b	(12,310)	(13,932)	(12,310)	(13,932)
Provisions for liabilities and charges					
Deferred taxation	14	(409)	(387)	(415)	(394)
Pension scheme liability	4	(847)	(351)	(847)	(351)
		<u>35,552</u>	<u>34,043</u>	<u>25,605</u>	<u>25,145</u>
Capital and reserves					
Called up share capital	16	261	261	261	261
Share premium account	17	124	124	124	124
Profit and loss account	17	35,167	33,658	25,220	24,760
Equity shareholders' funds	15	<u>35,552</u>	<u>34,043</u>	<u>25,605</u>	<u>25,145</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

N J Cook

)
) Directors
)

Margaret Ann Williams

NJ Cook

29th May

2015

The notes on pages 13 to 29 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Group Cash Flow Statement

for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Net cash inflow/(outflow) from operating activities	18(a)	13,648	(8,166)
Returns on investments and servicing of finance			
Interest received		15	12
Interest paid		(743)	(710)
Net return on the pension scheme		10	4
		(718)	(694)
Taxation			
UK corporation tax paid		(1,358)	(1,295)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(2,668)	(494)
Receipts from sales of tangible fixed assets		8	4
		(2,660)	(490)
Equity dividends paid		(907)	(907)
Financing			
Other loan		-	1,600
Repayment of bank and other loan		(1,625)	(1,289)
Movement on vehicle finance loans		(6,023)	9,027
		(7,648)	9,338
Increase/(decrease) in cash	18(c)	357	(2,214)

Further details are given in note 18.

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 Strategic report and the Directors' report.

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

The directors believe that the group 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

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 4 for further details.)

Money purchase pension scheme

Contributions are charged to the profit and loss account as they fall due (See note 4 for further details).

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

1 Turnover

Turnover and profit before tax are attributable to the one principal activity of the Group.

An analysis of turnover is given below:

	2014 £000	2013 £000
United Kingdom	362,570	320,773

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

	2014 £000	2013 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration		
- audit of the parent company and consolidated accounts	47	45
- audit of subsidiary companies	8	8
- audit of associated pension schemes	4	4
- taxation compliance	19	26
- other tax advisory services	19	7
Amortisation of goodwill	334	334
Depreciation	1,154	1,187
Operating lease rentals		
- plant and machinery	92	91
- land and buildings	848	783
Loss/(profit) on disposal of fixed assets	(12)	27

3 Directors and employees

Group staff costs (including directors' remuneration) during the year were as follows:	2014 £000	2013 £000
Wages and salaries	20,148	19,244
Social security costs	2,190	2,100
Pension costs	662	550
	23,000	21,894

The average number of persons, including directors, employed by the Group during the year was:	2014 Number	2013 Number
Productive	142	137
Sales and distribution	382	367
Administration	118	110
	642	614

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

3 Directors and employees (*continued*)

The total amounts for parent company directors' remuneration (excluding pension contributions) were as follows:	2014 £000	2013 £000
Fees	53	53
Executive remuneration and benefits	593	609
Compensation for loss of office	18	-
	<u>664</u>	<u>662</u>
Number of directors to whom retirement benefits are accruing under defined benefit pension schemes in respect of qualifying services	2	2

Three directors (2013: three) have benefits accruing under a Group Personal Pension scheme. Pension contributions of £17,231 (2013: £18,038) were made on behalf of these directors.

Highest paid director

	2014 £000	2013 £000
Emoluments	360	390
Accrued pension at year end – defined benefit scheme - per annum	62	66

4 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 £514,000 (2013: £480,000) of which £86,000 (2013: £41,000) 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 2014 by a qualified independent actuary. The major assumptions used by the actuary were:

	2014 %	2013 %	2012 %	2011 %	2010 %
Discount rate at 31 December	3.40	4.50	4.25	4.70	5.40
Inflation	3.00	3.40	2.75	2.70	3.40
Future salary increases	-	-	2.00	1.95	3.00
Future pension increases	2.10	2.50	2.00	1.95	3.40
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 2014

4 Pension costs (*continued*)

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

	2014	2013
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.

	2014 £000	2013 £000
<u>Analysis of amount charged to other finance income</u>		
Expected returns on pension scheme assets	161	156
Interest on pension scheme liabilities	(151)	(152)
Net return (interest)	<u>10</u>	<u>4</u>

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

Actual return less expected return on pension scheme assets	(755)	133
Changes in assumptions underlying the present value of the scheme liabilities	79	58
Actuarial (loss)/gain recognised in STRGL	<u>(676)</u>	<u>191</u>

	2014 £000	2013 £000
<u>Changes in the present value of the defined benefit obligation</u>		
Opening defined benefit obligation	3,399	3,617
Interest cost	151	152
Actuarial gains/(loss)	760	(196)
Benefits paid	(84)	(174)
Closing defined benefit obligation	<u>4,226</u>	<u>3,399</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

4 Pension costs (*continued*)

	2014 £000	2013 £000
<u>Changes in the fair value of plan assets</u>		
Opening plan assets	2,955	2,978
Expected return	161	156
Actuarial gains/(losses)	84	(5)
Contributions by employer	51	-
Benefits paid	(84)	(174)
Closing plan assets	3,167	2,955

The actual return on plan assets was a gain of £245,000 (2013: £151,000).

	2014 £000	2013 £000
Present value of funded obligations	(4,226)	(3,399)
Fair value of plan assets	3,167	2,955
Deficit	(1,059)	(444)
Related deferred tax asset	212	93
Net pension liabilities	(847)	(351)

	Cumulative 2014 £000	Cumulative 2013 £000
<u>Analysis of amount recognised in statement of total recognised gains and losses (STRGL)</u>		
Actual return less expected return on pension scheme assets	(56)	(140)
Experience gains and losses arising on scheme liabilities	496	501
Changes in assumptions underlying the present value of the scheme liabilities	(1,247)	(492)
Recognition of GMP underpin liability	(210)	(210)
Actuarial loss recognised in STRGL	(1,017)	(341)

	2014 %	2013 %
<u>Major categories of plan assets as a percentage of fair value of total plan assets</u>		
Equities	38	25
Diversified growth assets	28	15
Corporate bonds	-	20
High yield bonds/emerging market debt	4	5
Gilts	9	21
Property	10	13
Other	11	1
	100%	100%

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

4 Pension costs (*continued*)

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	(4,226)	(3,399)	(3,617)	(3,603)	(3,232)	(2,751)
Plan assets	3,167	2,955	2,978	2,762	3,028	2,690
(Deficit)/surplus	(1,059)	(444)	(639)	(841)	(204)	(61)
Experience adjustments on plan liabilities	(5)	63	317	-	-	113
Experience adjustments on plan assets	84	(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.

5 Interest

	2014 £000	2013 £000
Interest receivable:		
Bank interest	15	12
Net return on pension scheme	10	4
Interest receivable	25	16
Interest payable:		
Bank loan and overdraft	(487)	(484)
Vehicle stocking finance	(256)	(226)
Interest payable	(743)	(710)
Net interest	(718)	(694)

6 Tax on profit on ordinary activities

	2014 £000	2013 £000
(a) Taxation		
Corporation tax:		
UK corporation tax at 21.50% (2013: 23.25%)	1,012	1,350
Corporation tax over provided in prior years	-	(16)
	1,012	1,334
Deferred tax:		
Current year	22	(14)
Over provided in prior years	-	(39)
	22	(53)
Tax on profit on ordinary activities	1,034	1,281

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

6 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 21.50% (2013: 23.25%) is as follows:

	2014 £000	2013 £000
Profit on ordinary activities before tax	4,007	5,001
Profit on ordinary activities multiplied by rate of tax	861	1,163
Excess of depreciation over capital allowances	19	61
Expenses not deductible for tax purposes	109	118
Other short term timing differences and unrealised tax losses	23	8
Over provision in prior years	-	(16)
Total current tax (note 6(a))	1,012	1,334

7 Dividends

	2014 £000	2013 £000
Final ordinary: 225% (2013: 225%) paid on 1 July 2014	588	588
Interim ordinary: 122% (2013: 122%) paid on 5 December 2014	319	319
Dividends to equity shareholders	907	907

The final dividend paid in 2014 related to profits earned during the year to 31 December 2013.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

8 Goodwill

	Group £000	Company £000
Cost or valuation		
At 1 January 2014	7,868	1,088
At 31 December 2014	7,868	1,088
Amortisation		
At 1 January 2014	3,491	1,088
Charge for year	334	-
At 31 December 2014	3,825	1,088
Net book value		
At 31 December 2014	4,043	-
At 31 December 2013	4,377	-

9 Tangible fixed assets

Group	Freehold Land and buildings £000	Long leasehold £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2014	26,354	9,956	8,631	308	45,249
Additions	1,856	-	715	97	2,668
Disposals	-	-	(345)	(113)	(458)
At 31 December 2014	28,210	9,956	9,001	292	47,459
Depreciation					
At 1 January 2014	2,465	1,263	6,409	224	10,361
Charge for year	265	116	718	55	1,154
Disposals	-	-	(341)	(107)	(448)
At 31 December 2014	2,730	1,379	6,786	172	11,067
Net book value					
At 31 December 2014	25,480	8,577	2,215	120	36,392
At 31 December 2013	23,889	8,693	2,222	84	34,888

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

9 Tangible fixed assets (*continued*)

Company	Freehold Land and buildings £000	Long leasehold £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2014	26,354	9,956	8,250	293	44,853
Additions	1,856	-	678	97	2,631
Disposals	-	-	(297)	(113)	(410)
At 31 December 2014	28,210	9,956	8,631	277	47,074
Depreciation					
At 1 January 2014	2,465	1,263	6,185	211	10,124
Charge for year	265	116	674	53	1,108
Disposals	-	-	(292)	(107)	(399)
At 31 December 2014	2,730	1,379	6,567	157	10,833
Net book value					
At 31 December 2014	25,480	8,577	2,064	120	36,241
At 31 December 2013	23,889	8,693	2,065	82	34,729

10 Fixed asset investments

	2014 £000	2013 £000
Shares in subsidiary companies		
Cost at 31 December 2013	11,023	11,023
Cost at 31 December 2014	11,023	11,023

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

10 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

11 Stocks

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Vehicles	51,597	52,890	47,742	49,480
Parts and other stocks	1,031	988	913	866
	<u>52,628</u>	<u>53,878</u>	<u>48,655</u>	<u>50,346</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 £9,634,000 (2013: £6,533,000) in respect of vehicles held on consignment. The corresponding liabilities are shown under creditors.

12 Debtors

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Due within one year:				
Trade debtors	8,882	6,984	8,235	6,323
Other debtors	1,351	1,739	1,208	1,674
Other tax and social security	1,449	1,052	1,607	1,047
Prepayments and accrued income	3,211	2,601	3,045	2,456
	<u>14,893</u>	<u>12,376</u>	<u>14,095</u>	<u>11,500</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

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

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loan	1,130	1,133	1,130	1,133
Payments on account	1,439	1,074	950	788
New car consignment	9,634	6,533	8,433	5,140
New car fully paid finance loans	14,337	15,358	14,337	15,358
Used/demonstrator vehicle finance loans	13,567	18,569	12,511	17,750
Trade creditors	13,213	8,429	12,813	8,008
Amounts owed to group undertakings	-	-	15,044	14,391
Other creditors	2,159	1,517	2,133	1,490
Other loans	320	320	320	320
Corporation tax	778	1,125	554	943
Other taxation and social security costs	671	641	612	589
Accruals and deferred income	2,919	3,079	2,814	3,000
	<u>60,167</u>	<u>57,778</u>	<u>71,651</u>	<u>68,910</u>

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

The vehicle stocking finance loans of the group are secured by a fixed and floating charge on the vehicle stocks of the group.

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

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

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loan	11,350	12,652	11,350	12,652
Other loans	960	1,280	960	1,280
	<u>12,310</u>	<u>13,932</u>	<u>12,310</u>	<u>13,932</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

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

Bank loans

The maturity of these amounts is as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
In one year or less	1,130	1,133	1,130	1,133
Between one and two years	1,130	1,133	1,130	1,133
Between two and five years	10,220	11,519	10,220	11,519
	<u>12,480</u>	<u>13,785</u>	<u>12,480</u>	<u>13,785</u>

The Group has a bank loan 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. 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 has two interest rate swaps totalling £10m in place to provide a degree of certainty in its interest rate costs. Fixed rate swaps at a rate of 2.99% and another at 1.43%, both covering £5m each, remain in place and are due to expire in September 2015. A new £10m interest rate swap at a rate of 1.45% has been arranged after the year end and this will expire in September 2020.

At the end of the year the swaps had a negative market value of £120k.

Other loans

The maturity of these amounts is as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
In one year or less	320	320	320	320
Between one and two years	960	1,280	960	1,280
	<u>1,280</u>	<u>1,600</u>	<u>1,280</u>	<u>1,600</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

14 Deferred taxation

	Group £000	Company £000
At 31 December 2013	387	394
Credited in the year	22	21
At 31 December 2014	<u>409</u>	<u>415</u>

Provision for deferred tax has been made up as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Excess of capital allowances over depreciation	573	516	579	522
Short term timing differences	(164)	(129)	(164)	(128)
	<u>409</u>	<u>387</u>	<u>415</u>	<u>394</u>

15 Reconciliation of shareholders' funds

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Balance at 1 January	34,043	31,093	25,145	22,824
Profit for the financial year	2,973	3,720	1,924	3,091
Dividends paid	(907)	(907)	(907)	(907)
Actuarial (loss)/gain on pension scheme	(676)	191	(676)	191
Deferred tax movement relating to the pension scheme	119	(54)	119	(54)
Net addition to shareholders' funds	<u>1,509</u>	<u>2,950</u>	<u>460</u>	<u>2,321</u>
Closing shareholders' funds	<u>35,552</u>	<u>34,043</u>	<u>25,605</u>	<u>25,145</u>

All shareholders' funds are classed as equity.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

16 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2014 Number	2013 Number	2014 Number	2013 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.

17 Reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 1 January 2014	124	33,658	124	24,760
Profit for the year	-	2,973	-	1,924
Dividends paid	-	(907)	-	(907)
Actuarial loss recognised in pension scheme	-	(676)	-	(676)
Movement in deferred tax relating to pension liability	-	119	-	119
At 31 December 2014	<u>124</u>	<u>35,167</u>	<u>124</u>	<u>25,220</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 £1,924,000 (2013: £3,091,000), which has been dealt with in the accounts of the parent undertaking.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

18 Cash flow statement

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

	2014 £000	2013 £000
Operating profit	4,725	5,695
Depreciation	1,154	1,187
Amortisation	334	334
Loss on sale of fixed assets	2	27
Decrease/(increase) in stocks	1,250	(9,245)
Increase in debtors	(2,517)	(2,913)
Increase/(decrease) in creditors	8,761	(3,247)
FRS 17 effect on pension costs	(61)	(4)
Net cash inflow/(outflow) from operating activities	13,648	(8,166)

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

	2014 £000	2013 £000
Increase/(decrease) in cash	357	(2,214)
Movement on vehicle finance loans	6,023	(10,627)
Repayment of loans	1,625	1,289
Movement in net debt	8,005	(11,552)
Net debt at 1 January 2014	(48,340)	(36,788)
Net debt at 31 December 2014	(40,335)	(48,340)

c) Analysis of changes in net debt

	At 31 December 2013 £000	Cash flow £000	At 31 December 2014 £000
Cash at bank and in hand	972	357	1,329
Bank loans	(13,785)	1,305	(12,480)
Used/demonstrator vehicle finance	(33,927)	6,023	(27,904)
Other loan	(1,600)	320	(1,280)
	(49,312)	7,648	(41,664)
Total	(48,340)	8,005	(40,335)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2014

19 Operating lease commitments

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases as set out below:

	31 December 2014		31 December 2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	80	32	6	31
- within two to five years	110	5	175	7
- after more than five years	659	-	659	-
	<u>849</u>	<u>37</u>	<u>840</u>	<u>38</u>

20 Capital commitments

Amounts contracted for but not provided in the group accounts amount to £nil (2013: £1,562,000).

21 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 £644,000. At the year end, loans totalling £582,000 in respect of 15 vehicles were outstanding.

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

22 Ultimate controlling party

There is no ultimate controlling party of the company.