

Williams Motor Co. (Holdings) Limited

REPORT AND ACCOUNTS

31 December 2016

Registered number: 00597708

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Williams Motor Co. (Holdings) Limited

Company Information

Directors

Mrs M M Orton Williams BA
Mr N J Cook BSc FCCA
Mr N J Dunning
Mrs 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

RSM UK Audit LLP
Chartered Accountants
3 Hardman Street
Spinningfields
Manchester
M3 3HF

Solicitors

DWF LLP
1 Scott Place
2 Hardman Street
Spinningfields
Manchester
M3 3AA

Williams Motor Co. (Holdings) Limited

Strategic Report

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

Business Strategy

Our strategy is to grow profitability in all areas of our business by continuing to invest in staff and facilities.

We aim to improve our customer experience and business performance through our internal management training programs.

Business Review

We are delighted with the Group's strong trading performance during 2016, being the single most profitable year in our history. The result included improved year-on-year performance from all areas of the business, particularly parts, bodyshop and used car sales.

Retailers in the UK remain positive, despite an expectation that overall new car volumes will decline by 5% as the market reaches its peak and the devaluation of sterling impacts on demand.

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

	2016	2015	Change
Turnover	£492.1m	£426.6m	+15.4%
Gross profit	£49.4m	£43.8m	+12.8%
Operating profit	£8.9m	£7.0m	+27.1%
Profit before taxation	£8.1m	£6.3m	+28.6%
Net assets	£43.9m	£39.5m	+11.1%
Average number of employees	752	710	+5.9%

UK car registrations rose 2.3% in 2016 reaching a record 2,692,786 units (2015: 2,633,503 units), despite fears that the EU referendum result would negatively impact demand, although several manufacturers have increased prices to reflect the weakening of Sterling.

Alternative fuelled vehicles saw demand increase by 22.2% with hybrids experiencing significant growth whilst more than 10,000 motorists chose to go fully electric.

	2016 Units	2015 Units	Change
UK New car market			
Total	2,692,786	2,633,503	2.3%
BMW	182,593	167,391	9.1%
MINI	68,984	63,581	8.5%
Jaguar	34,822	23,954	45.4%
Land Rover	79,534	66,574	19.5%
BMW Motorcycles	8,414	8,469	-0.7%

Aftersales profit contribution increased by 8.9%, with both parts and bodyshop profit increasing significantly with potential for further improvement as the vehicle parc continues to grow.

Our Jaguar Manchester centre made a positive contribution to Group profit, resulting from turnover of £36m in what was the first full year of trading since acquisition in 2015. This trading performance significantly exceeded expectations.

The company resolved to hive up the trade and assets of Williams Motor Co. Limited to the ultimate parent company Williams Motor Co. (Holdings) Limited with an effective date of 31 December 2016.

During the year the company repurchased 21,373 of its ordinary shares held in trust by the employee benevolent fund being 8.2% of the called up share capital.

Williams Motor Co. (Holdings) Limited

Strategic Report

Principal Risks

All businesses entail elements of risk and the Board maintains a policy of reviewing the 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.

Vehicle funding levels available	2016	2015
Consignment stock	£43.4m	£35.5m
Used stock	£17.3m	£14.3m
Demo/Loan stock	£14.7m	£19.7m
Total	<u>£75.4m</u>	<u>£69.5m</u>

The Group continues to produce strong cash flow generation which has been invested in vehicle stock whose levels are reviewed on a weekly basis.

The group's banking facilities (£6m overdraft facility increased in 2016 from £3m and £10.2m loan), renewed in 2014 with Barclays PLC, will remain in place until March 2018 and give certainty until then. The directors are confident that the term loan will be renewed during 2017 prior to maturity.

The group has an interest rate swap for £10m, at a rate of 1.45% in place to provide a degree of certainty in its interest rate costs. This interest rate swap will remain in place until it expires in September 2020.

At the end of the year the swap had a negative market value of £306k.

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.

The Directors 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. The Group's performance and investment in facilities maintains its reputation as a quality representative for our brands.

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

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 materialise. 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.

Personnel

The Group strives to retain key personnel with the 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.

Williams Motor Co. (Holdings) Limited

Strategic Report

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.

Ethical Employment

It is the Group'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 Group continues.

Employment with the Group 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 fully electric vehicles, with the manufacturer continuing to invest in these products. Ongoing developments in new engine technology have resulted in greener vehicles helping to reduce emissions and support the government's agenda. We are fortunate to represent vehicle brands that are responding to the green agenda of governments. Investment is being made to cater for the sale and servicing of such vehicles.

Future Developments

The Group continues to re-invest in its facilities to meet evolving manufacturer standards and improve our customer experience. During 2017 and 2018 we envisage further significant investment at all facilities located within Manchester.

By order of the Board



N J Cook
Managing Director

11th May 2017

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 31 December 2016.

Principal activities

The principal activities of the Group are the retailing of new and used vehicles, including motorcycles, and the service and repair of these products.

Results and dividends

The Group results for the year are set out in the financial statements on pages 9 to 32.

An interim dividend of £2.50 per ordinary share (2015: £1.50) was paid to shareholders on 6 December 2016. The directors have recommended a final dividend of £3.00 per ordinary share (2015: £3.00) which will be payable on 3 July 2017.

Market value of land and buildings

The directors consider that the market value of the Group's properties at 31 December 2016 is not materially different from the net book values in the financial statements.

Donations

The Group made no political donations (2015: £nil).

Directors and their interests in shares

During 2016 the company repurchased 21,373 shares held in trust by the employee benevolent fund.

Directors who served during 2016 and their respective interests in the company's issued ordinary share capital are shown below. The director's shareholding remained unchanged from the numbers held on 31 December 2015 and their interests in the shares of the company are as follows:

	Shareholdings at 31 December 2016		Shareholdings at 31 December 2015	
	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 trustees of the EBF	335	21,038
N J Cook				

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.

Post balance sheet events

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

Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Williams Motor Co. (Holdings) Limited

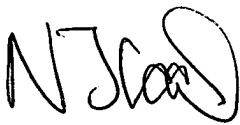
Directors' Report

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.

RSM 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

11th May 2017

Williams Motor Co. (Holdings) Limited

Directors' responsibilities in the preparation of financial statements

The directors are responsible for preparing the Strategic Report, 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 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 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

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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, based on the work undertaken in the course of our audit, 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 any material misstatements in the Strategic Report or the Directors' report.

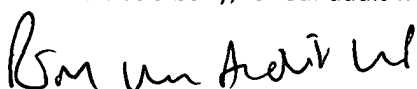
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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.

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.



Dale Thorpe BSc FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
3 Hardman Street
Manchester M3 3HF

Date 15 May 2017

Williams Motor Co. (Holdings) Limited

Group Income Statement

for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	2	492,127	426,640
Cost of sales		(442,686)	(382,817)
Gross profit		49,441	43,823
Selling and distribution costs		(10,931)	(9,319)
Administrative expenses		(29,630)	(27,480)
Operating profit	3	8,880	7,024
Interest	6	(797)	(751)
Profit on ordinary activities before taxation		8,083	6,273
Tax on profit on ordinary activities	7	(1,862)	(1,378)
Profit for the financial year		6,221	4,895

Williams Motor Co. (Holdings) Limited

Statement of Total Comprehensive Income for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Profit for the financial year		6,221	4,895
Other comprehensive income:			
Actuarial gains/(losses) recognised in the pension scheme		(473)	228
Tax relating to other comprehensive income		64	(36)
Share buy back	17	(107)	-
Total comprehensive income for the year		5,705	5,087

Williams Motor Co. (Holdings) Limited

Statement of Financial Position

31 December 2016

		Group		Company	
	Note	2016 £000	2015 £000	2016 £000	2015 £000
Fixed assets					
Goodwill	9	3,809	4,193	3,809	484
Tangible assets	10	39,015	39,107	39,015	38,956
Investments	11	-	-	2,725	11,023
		<u>42,824</u>	<u>43,300</u>	<u>45,549</u>	<u>50,463</u>
Current assets					
Stocks	12	80,049	71,949	80,049	65,783
Debtors	13	20,820	19,736	20,820	18,332
Cash at bank and in hand		-	-	-	-
		<u>100,869</u>	<u>91,685</u>	<u>100,869</u>	<u>84,115</u>
Current liabilities					
Creditors: amounts falling due within one year	14a	(89,257)	(84,158)	(91,989)	(94,820)
Net current assets/(liabilities)		<u>11,612</u>	<u>7,527</u>	<u>8,880</u>	<u>(10,705)</u>
Total assets less current liabilities		<u>54,436</u>	<u>50,827</u>	<u>54,429</u>	<u>39,758</u>
Creditors: amounts falling due after more than one year	14b	(9,090)	(10,220)	(9,090)	(10,220)
Provisions for liabilities and charges					
Deferred taxation	16	(434)	(407)	(434)	(407)
Pension scheme liability	5	(1,051)	(660)	(1,051)	(660)
		<u>(1,485)</u>	<u>(1,067)</u>	<u>(1,485)</u>	<u>(1,067)</u>
Net assets		<u>43,861</u>	<u>39,540</u>	<u>43,854</u>	<u>28,471</u>
Capital and reserves					
Called up share capital	17	240	261	240	261
Share premium		124	124	124	124
Capital redemption reserve		21	-	21	-
Profit and loss account		43,476	39,155	43,469	28,086
Total equity		<u>43,861</u>	<u>39,540</u>	<u>43,854</u>	<u>28,471</u>

The financial statements on pages 9 to 32 were approved and authorised by the Board of Directors on 11th May 2017 and are signed on their behalf by:



N J Cook

Managing Director

11th May 2017

Registered company number 00597708

Williams Motor Co. (Holdings) Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Share capital £000	Capital redemption £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	261	-	124	35,047	35,432
Profit for the year				4,895	4,895
Other comprehensive income, net of tax:-					
actuarial gains/(losses) on DB scheme				193	193
Total comprehensive income for the year	-	-	-	5,088	5,088
Transactions with owners - dividends				(980)	(980)
Balance at 31 December 2015	261	-	124	39,155	39,540
Share buyback	(21)	21	-	(107)	(107)
Profit for the year				6,221	6,221
Other comprehensive income, net of tax:-					
actuarial gains/(losses) on DB scheme				(409)	(409)
Total comprehensive income for the year	-	-	-	5,705	5,705
Transactions with owners - dividends				(1,384)	(1,384)
Balance at 31 December 2016	240	21	124	43,476	43,861

Williams Motor Co. (Holdings) Limited

Company Statement of Changes in Equity for the year ended 31 December 2016

	Share capital £000	Capital redemption £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	261	-	124	25,100	25,485
Profit for the year				3,773	3,773
Other comprehensive income, net of tax:-					
actuarial gains on DB scheme				193	193
Total comprehensive income for the year	-	-	-	3,966	3,966
Transactions with owners - dividends				(980)	(980)
Balance at 31 December 2015	261	-	124	28,086	28,471
Share buyback	(21)	21	-	(107)	(107)
Profit for the year excluding dividend				8,915	8,915
Dividend income on hive up				8,368	8,368
Other comprehensive income, net of tax:-					
actuarial losses on DB scheme				(409)	(409)
Total comprehensive income for the year	-	-	-	16,767	16,767
Transactions with owners - dividends				(1,384)	(1,384)
Balance at 31 December 2016	240	21	124	43,469	43,854

Williams Motor Co. (Holdings) Limited

Consolidated Statement of Cash Flow for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Operating activities			
Cash (used in)/generated from operations	20	(6,652)	(3,483)
Interest paid		(797)	(752)
Tax paid		(1,670)	(1,157)
Net cash (used in)/from operating activities		(9,119)	(5,392)
Investing activities			
Acquisition of trade and assets		-	(3,460)
Purchase of tangible fixed assets		(1,089)	(870)
Proceeds on disposal of tangible fixed assets		17	2
Interest received		3	1
Net cash used in investing activities		(1,069)	(4,327)
Financing activities			
Repayments of borrowings		(1,130)	(2,410)
Inflow from/(repayments) of vehicle finance loans		11,920	9,642
Dividends paid		(1,384)	(980)
Net cash from/(used in) financing activities		9,406	6,252
Net (decrease)/increase in cash and cash equivalents		(782)	(3,467)
Cash and cash equivalents at beginning of year		(2,138)	1,329
Cash and cash equivalents at end of year		(2,920)	(2,138)
Relating to:-			
Bank balances and short term deposits included in cash at bank and in hand		-	-
Overdrafts included in "creditors; amounts falling due within one year"		(2,920)	(2,138)
		(2,920)	(2,138)

Williams Motor Co. (Holdings) Limited

Accounting Policies

General information

Williams Motor Co. (Holdings) Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The Company's registered office and principal place of business is 2 Vincent Way, Raikes Lane, Bolton, BL3 2NB.

The Group consists of Williams Motor Co. (Holdings) Limited and all of its subsidiaries.

The Company's and the Group's principal activities are included in the directors' report.

Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the large and medium sized companies and groups regulations 2008.

Going concern

The Group'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 is profitable, has a strong balance sheet with diversified income streams and is well placed to manage its business risks.

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.

Reduced disclosures

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

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 purchase 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 identifiable net assets acquired is recognised 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.

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account.

The company's profit and total comprehensive income for the year were £17,283K (2015: £3,773K) and £16,767K (2015: £3,966K).

Williams Motor Co. (Holdings) Limited

Accounting Policies

Presentation and functional currencies

The consolidated financial statements are presented in sterling which is also the functional currency of the Company. Amounts are rounded to the nearest £1,000 except where stated.

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

Tangible fixed assets are stated at cost net of 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 useful economic life of the assets as follows:

Land and buildings	Up to a maximum of fifty years
Plant & Equipment	Up to a maximum of ten years
Motor vehicles	Up to a maximum of four years
Computer Equipment	Up to a maximum of five years

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

Goodwill

Goodwill arising on acquisitions is recognised as an intangible fixed asset and amortised on a straight line basis over its useful economic life of between 10 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.

Investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

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 recognised 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.

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.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Financial Instruments

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets (Trade debtors, other debtors and accrued income)

Financial assets which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Financial assets are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a counterparty constitutes a financing transaction, the financial asset is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of financial assets is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the financial asset over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity (Bank loans, payments on account, new car consignment, new car fully paid, used car finance loans, finance leases, trade creditors, other creditors, other loans and accruals)

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Financial liabilities payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a counterparty constitutes a financing transaction, the financial liability is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss unless hedge accounting is applied and the hedge is a cash flow hedge.

De-recognition of financial assets and liabilities

A financial asset is de-recognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Retirement benefits

Defined benefit scheme

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

Assets/liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/losses

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Defined contribution pension scheme

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

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

1 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Used stock valuations

Stocks are stated at the lower of cost and net realisable value. The value of all used vehicles as well as the provision for obsolete, slow moving or defective stock can have a significant influence on the stock valuation in the financial statements. A comprehensive review of the stock holding is carried out regularly.

Pensions

The liability recognised in the balance sheet in respect of the group's retirement benefit obligations represents the liabilities of the group's defined benefit pension scheme after deduction of the fair value of the related assets. The schemes' liabilities are derived by estimating the ultimate cost of benefits payable by the schemes and reflecting the discounted value of the proportion accrued by the year end in the balance sheet. In order to arrive at these estimates a number of key financial and non-financial assumptions are made changes to which could have a material impact upon the net deficit and also the net cost recognised in the Income Statement.

All assumptions have been set in accordance with the statement of funding principles and no allowance has been made for members transferring benefits out of the scheme.

Goodwill

The Group annually reviews the recoverable amount of goodwill and other intangible assets based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth.

At the point of any acquisition the Group is required to assess whether intangible assets need to be separately identified and measured. The measurement and assessment of the useful economic lives of intangible assets requires the use of judgement by management.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor.

2 Turnover

Turnover arises solely within in the UK and is attributable to the one principal activity of the Group.

Further analysis of turnover by class of business has not been given, as in the opinion of the directors; such disclosure would be seriously prejudicial to the interests of the Group.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

3 Operating profit

	2016 £000	2015 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration		
- audit of the parent company and consolidated accounts	53	51
- audit of subsidiary companies	6	6
- audit of associated pension schemes	7	5
- taxation compliance	19	24
- other tax advisory services	7	47
Amortisation of goodwill	383	350
Depreciation	1,165	1,197
Operating lease rentals		
- plant and machinery	32	44
- land and buildings	884	825
Loss/(profit) on disposal of fixed assets	(10)	(2)
Stock – amounts expensed to cost of sales during the year	461,590	379,649
	<u> </u>	<u> </u>

4 Directors and employees

Group staff costs (including directors' remuneration) during the year were as follows:	2016 £000	2015 £000
Wages and salaries	24,289	21,670
Social security costs	2,668	2,338
Pension costs	545	696
	<u>27,502</u>	<u>24,704</u>

The average number of persons, including directors, employed by the Group during the year was:	2016 Number	2015 Number
Sales	472	434
Aftersales	152	155
Administration	128	121
	<u>752</u>	<u>710</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

b Directors and employees (*continued*)

The total amounts for parent company directors' remuneration (excluding pension contributions) were as follows:	2016 £000	2015 £000
Fees	53	53
Executive remuneration and benefits	612	591
	<u>665</u>	<u>644</u>

Two directors (2015: two) have benefits accruing under a Group Personal Pension scheme.

Pension contributions of £6,702 (2015: £5,800) were made on behalf of these directors.

Highest paid director

	2016 £000	2015 £000
Emoluments	485	475
Accrued pension at year end – defined benefit scheme per annum	-	62

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 £687,000 (2015: £606,000) of which £166,000 (2015: £73,000) 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. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 30 June 2012 and updated to 31 December 2016 by a qualified independent actuary. The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:-

	2016 %	2015 %
Discount rate at 31 December	2.70	3.70
Inflation (RPI)	3.50	3.00
Future salary increases	-	-
Future pension increases	2.60	2.10

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

5 Pension costs (continued)

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

	2016	2015
Pre-retirement mortality (non-pensioners)	none	none
Post retirement mortality (non-pensioners)	S2PXA/CMI_2015 [1.0%]	S2PXA/CMI_2015 [1.0%]
Post retirement mortality (pensioners)	S2PXA/CMI_2015 [1.0%]	S2PXA/CMI_2015 [1.0%]

	2016 £000	2015 £000
Amounts recognised in profit or loss in respect of the defined benefit scheme is as follows:		

Current service cost	-	-
Net interest on the defined benefit pension liability	29	35
Net return (interest)	29	35

	2016 £000	2015 £000
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Changes in the present value of the defined benefit obligation

Opening defined benefit obligation	3,968	4,226
Interest cost	140	142
Actuarial losses / (gains)	724	(301)
Benefits paid	(1,985)	(99)
Closing defined benefit obligation	2,847	3,968

	2016 £000	2015 £000
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Changes in the fair value of plan assets

Opening plan assets	3,153	3,167
Interest income	111	107
Actuarial (losses) / gains	251	(73)
Contributions by employer	51	51
Benefits paid	(1,985)	(99)
Closing plan assets	1,581	3,153

The actual return on plan assets over the period ended 31 December 2016 was £362,000 (2015: £34,000).

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

5 Pension costs (continued)

	2016 %	2015 %
Major categories of plan assets as a percentage of fair value of total plan assets		
Equities	8	39
Diversified growth assets	50	38
High yield bonds/emerging market debt	-	4
Gilts	20	9
Property	-	-
Other	22	10
	<u>100%</u>	<u>100%</u>

The Group continues to contribute £51,000 annually to its defined benefit pension plan. This is based on a plan to eliminate the deficit on the technical provisions basis over a 12 year period.

6 Interest

	2016 £000	2015 £000
Interest receivable:		
Bank interest	2	1
	<u>2</u>	<u>1</u>
Interest receivable		
Interest payable:		
Bank loan and overdraft	(390)	(437)
Vehicle stocking finance	(380)	(280)
Net interest on the defined benefit pension liability	(29)	(35)
	<u>(799)</u>	<u>(752)</u>
Interest payable		
Net interest	<u>(797)</u>	<u>(751)</u>

7 Tax on profit on ordinary activities

	2016 £000	2015 £000
(a) Taxation		
Corporation tax:		
UK corporation tax at 20.00% (2015: 20.25%)	1,835	1,380
Deferred tax:		
Current year	(43)	-
Under/(Over) provided in prior years	70	(2)
	<u>27</u>	<u>(2)</u>
Tax on profit on ordinary activities	<u>1,862</u>	<u>1,378</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

(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 20.00% (2015: 20.25%) is as follows:

	2016 £000	2015 £000
Profit on ordinary activities before tax	8,083	6,273
Profit on ordinary activities multiplied by rate of tax	1,617	1,235
Expenses not deductible for tax purposes	214	185
Other short term timing differences and unrealised tax losses	31	(42)
Total current tax (note 7(a))	1,862	1,378

(c) Factors that may affect future tax charges

The main rate of corporation tax stands at 20% in 2016/17. This will be reduced to 19% for years starting 1 April 2017 and 17% from 1 April 2020.

8 Dividends

	2016 £000	2015 £000
Final ordinary: £3.00 (2015: £2.25) paid on 4 April 2016	784	588
Interim ordinary: £2.50 (2015: £1.50) paid on 6 December 2016	600	392
Dividends to equity shareholders	1,384	980

The final dividend paid in 2016 related to profits earned during the year to 31 December 2015.

9 Goodwill

	Group £000	Company £000
Cost or valuation		
At 1 January 2016	8,368	500
Additions	-	-
Hive up	-	3,376
At 31 December 2016	8,368	3,876
Amortisation		
At 1 January 2016	4,175	16
Hive up	-	-
Charge for year	384	51
At 31 December 2016	4,559	67
Net book value		
At 31 December 2016	3,809	3,809
At 31 December 2015	4,193	484

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

10 Tangible fixed assets

Group	Land and buildings		Plant and equipment	Motor vehicles	Total
	Freehold	Leasehold			
	£000	£000	£000	£000	£000
Cost					
At 1 January 2016	28,472	13,056	9,546	279	51,353
Additions	375	7	630	77	1,089
Disposals	-	-	(138)	(65)	(203)
At 31 December 2016	28,847	13,063	10,038	291	52,239
Depreciation					
At 1 January 2016	3,035	1,508	7,490	213	12,246
Charge for year	298	155	675	37	1,165
Disposals	-	-	(135)	(52)	(187)
At 31 December 2016	3,333	1,663	8,030	198	13,224
Net book value					
At 31 December 2016	25,514	11,400	2,008	93	39,015
At 31 December 2015	25,437	11,548	2,056	66	39,107

Company	Land and buildings		Plant and equipment	Motor vehicles	Total
	Freehold	Leasehold			
	£000	£000	£000	£000	£000
Cost					
At 1 January 2016	28,472	13,056	9,129	264	50,921
Additions	375	7	611	77	1,070
Disposals	-	-	(137)	(65)	(202)
Hive up	-	-	720	15	735
At 31 December 2016	28,847	13,063	10,323	291	52,524
Depreciation					
At 1 January 2016	3,035	1,508	7,224	198	11,965
Charge for year	298	155	631	37	1,121
Disposals	-	-	(135)	(52)	(187)
Hive up	-	-	595	15	610
At 31 December 2016	3,333	1,663	8,315	198	13,509
Net book value					
At 31 December 2016	25,514	11,400	2,008	93	39,015
At 31 December 2015	25,437	11,548	1,905	66	38,956

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

11 Fixed asset investments

	2016 £000	2015 £000
Shares in subsidiary companies		
Cost at 31 December	11,023	11,023
Hive up	(3,376)	-
Impairment	(4,922)	-
Cost at 31 December	<u>2,725</u>	<u>11,023</u>

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 these 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 retailer
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	
	2016 £000	2015 £000	2016 £000	2015 £000
Consignment	10,258	17,501	10,258	14,723
Vehicles	68,528	53,267	68,528	50,016
Parts and other stocks	1,263	1,181	1,263	1,044
	<u>80,049</u>	<u>71,949</u>	<u>80,049</u>	<u>65,783</u>

Stock is shown net of a provision of £1,036,000 (2015: £1,021,000).

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 £10,258,000 (2015: £17,501,000) in respect of vehicles held on consignment. The corresponding liabilities are shown under creditors.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

13 Debtors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Due within one year:				
Trade debtors	10,299	12,302	10,299	11,466
Other debtors	4,680	3,377	4,680	3,224
Other tax and social security	3,308	2,153	3,308	2,152
Prepayments and accrued income	2,533	1,904	2,533	1,490
	<u>20,820</u>	<u>19,736</u>	<u>20,820</u>	<u>18,332</u>

Trade debtors are shown net of a provision of £46,836 (2015: £52,677).

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

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank overdraft	2,920	2,138	2,920	1,158
Bank loan	1,130	1,130	1,130	1,130
Payments on account	1,281	1,423	1,281	1,064
New car consignment loans	10,258	17,501	10,258	14,723
New car fully paid finance loans	21,157	11,951	21,157	11,950
Used/demonstrator vehicle finance loans	28,308	25,595	28,308	24,648
Trade creditors	15,785	16,450	15,785	15,610
Amounts owed to group undertakings	-	-	2,732	17,130
Other creditors	3,481	2,629	3,481	2,543
Corporation tax	1,147	982	1,147	787
Other taxation and social security costs	789	803	789	650
Accruals and deferred income	3,001	3,556	3,001	3,427
	<u>89,257</u>	<u>84,158</u>	<u>91,989</u>	<u>94,820</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.

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

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loan	9,090	10,220	9,090	10,220
	<u>9,090</u>	<u>10,220</u>	<u>9,090</u>	<u>10,220</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

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

Bank loans

The maturity of these amounts is as follows:

	2016 £000	2015 £000
In one year or less	1,130	1,130
Between one and two years	1,130	1,130
Between two and five years	7,960	9,090
	<u>10,220</u>	<u>11,350</u>

The group has a bank loan of £14m which is repayable by sixteen quarterly instalments of £282,500 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 March 2018.

15 Financial instruments

The carrying amounts of the Group's financial instruments at 31 December were:

	2016 £000	2015 £000
Financial assets:		
Debt instruments, measured at amortised cost	14,980	15,679
Total	<u>14,980</u>	<u>15,679</u>
Financial liabilities:		
Measured at amortised cost	96,411	95,430
Measure at fair value through profit or loss		
-Non-derivatives that are not part of a trading portfolio	306	18
- Other financial liabilities	-	-
Total	<u>96,717</u>	<u>95,448</u>

Debt instruments measured at amortised cost include trade debtors, other debtors and accrued income.

Financial instruments measured at amortised cost include bank loans, payments on account, new car consignment, new car fully paid finance loans, trade creditors, other creditors, other loans and accruals.

Interest rate swaps

The group has a £10m interest rate swap in place to provide a degree of certainty in its interest rate costs. The fixed rate swap, at a rate of 1.45% remains in place and this will expire in September 2020.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

16 Deferred taxation

	Group £000	Company £000
At 31 December 2015	407	407
Credited in the year	27	27
At 31 December 2016	<u>434</u>	<u>434</u>

Provision for deferred tax has been made up as follows:

	2016 £000	2015 £000
Excess of capital allowances over depreciation	574	574
Short term timing differences	(140)	(140)
	<u>434</u>	<u>434</u>

17 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2016 Number	2015 Number	2016 Number	2015 Number
'B' Ordinary shares of £1 each	5,000	5,000	4,665	5,000
'C' Ordinary shares of £1 each	295,000	295,000	235,357	256,395
	<u>300,000</u>	<u>300,000</u>	<u>240,022</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.

During the year the company re-purchased 21,373 of its ordinary shares from the employee benevolent fund being 8.2% of the called up share capital at £5 per share (£106,865).

The company cancelled 21,373 own shares having a nominal value of £21,373 representing 8.2% of called up ordinary share capital.

18 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserves

Nominal value of shares repurchased and still held at the end of the reporting period.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

19 Group restructure

On 31 December 2016 the company acquired the trade and assets of its subsidiary, Williams Motor Co. Limited. Analysis of the fair value of assets and liabilities acquired was as follows:

	Book value	Adjustments	Fair value
Fixed assets	125	-	125
Stock	6,450	-	6,450
Debtors	9,922	-	9,922
Creditors	(8,129)	-	(8,129)
	<u>8,368</u>	<u>-</u>	<u>8,368</u>
Intercompany consideration			(8,368)
Goodwill			<u>-</u>

20 Reconciliation of profit after tax to net cash generated from/(used in) operations

	2016 £000	2015 £000
Profit after tax	6,221	4,895
Adjustments for:		
Depreciation of tangible fixed assets	1,165	1,197
Amortisation of intangible assets	383	350
Loss on disposal of fixed assets	(1)	(6)
Interest receivable	(3)	(1)
Interest payable	797	752
Taxation	1,862	1,378
Defined benefit pension scheme	(125)	-
Fair value losses/(gains) on financial instruments	288	(102)
	<u>10,587</u>	<u>8,463</u>
Operating cash flow before movements in working capital		
Operating cash flow before movements in working capital		
(Increase)/Decrease in stock	(8,100)	(19,321)
Decrease in trade and other debtors	(1,084)	(4,843)
Increase in trade and other creditors	(8,055)	12,218
	<u>(6,652)</u>	<u>(3,483)</u>
Cash (used in) / generated from operations		

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2016

21 Operating lease commitments

At 31 December 2016 the Group had total commitments under non-cancellable operating leases as set out below:

	31 December 2016		31 December 2015	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	1,014	29	1,410	44
- within two to five years	3,742	4	5,234	5
- after more than five years	4,064	-	3,951	-
	<u>8,820</u>	<u>33</u>	<u>10,595</u>	<u>49</u>

22 Capital commitments

Amounts contracted for but not provided in the Group accounts amount to £582,000 (2015: £nil).

23 Contingencies

The company has entered into cross guarantees in respect of the bank borrowings of its subsidiary company, Williams Motor Co. Limited. These guarantees are unlimited. The total group net bank borrowings as at 31 December 2016 were £13,146,000 (2015: £13,488,000).

24 Related party transactions

The total remuneration of the directors and managers who are considered to be the key management personnel of the Group was £862,000 (2015: £823,000).

During the year, the company provided interest free loans to 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 £861,000 (2015: £821,000). At the year end, loans totaling £797,000 (2015: £819,000) in respect of 18 vehicles were outstanding.

25 Ultimate controlling party

Mrs Orton Williams controls 53.16% of the voting B shares of the company following the re-purchase of shares held by the employee benevolent fund.