

Border Cars Group Limited

Director's report and financial statements

For the period ended 31 August 2015

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Border Cars Group Limited
Company Information

Director	M V Fusco
Company secretary	C A Stairmand
Registered number	SC508621
Registered office	130-132 Terregles Street Dumfries Dumfriesshire DG2 9DX
Independent auditors	ASE Audit LLP Chartered Accountants & Statutory Auditors Rowan Court Concord Business Park Manchester Greater Manchester M22 0RR

Border Cars Group Limited
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Border Cars Group Limited
Group strategic report
For the period ended 31 August 2015

The director present his strategic report for the period ended 31 August 2015.

Business review

The Group's principle activities during the period was the servicing and selling of motor vehicles. The board is content with the results of the period and anticipates that in 2015 / 2016 Turnover and Profit will be similar.

The business has grown rapidly in the past few years and since the current hive up of the 6 companies it continues to trade from the seven main sites.

Principal risks and uncertainties

The business recognises that all organisations face an element of risk with both their current operation and with future growth strategies. Border Cars looks at a risk mitigation strategy by continually discussing the issues at large and, as required, agreeing relevant action points. The management team considers all types of analysis, not as an infrequent simple snapshot in time, but instead the team looks at strengths, weaknesses, opportunities and threats monthly, and each manager is asked to discuss them at their monthly meetings. The business considers the key areas of franchise risk, market risk, people risk and competitive risk.

Franchise Risk

The business started with one franchise over 25 years ago. In those days, if this one franchise experienced a difficult year the business would also find things hard. However with a current basket of eight franchises the management team are content all reasonable steps have been taken to mitigate against franchise risk. The business does not believe there are any long-term issues with any one of the current franchises and although one or two may waiver from time to time (and this can affect short-term profits), all have a strong international and stable presence. For all franchises the business keeps a close eye on money owed by way of bonus or warranty payments, on national sales and penetration rates and on quality or PR issues.

Market Risk

The state of the economy affects every business. Border Cars monitors statistics such as showroom traffic, advertising costs per unit sold and average sales per week. It reacts accordingly and communicates with its own database and customer parc, and, maintains a positive and pro-active stance when regional or national confidence slips. In addition economies of scale work well throughout the business.

The current market poses challenges from subdued customer spending but the company is satisfied with the current year results.

People Risk

Good people are at the heart of any good business. The management team has increased in size as talented individuals have been promoted from within, and as new individuals have been employed from external established motor trade groups. All are rewarded with remuneration packages above the average for the sector, and the level of rewards are linked to the performance of the business. The management team discusses key roles regularly and always considers what might happen if anyone left, or could no longer carry out their role.

Competitive Risk

The business keeps an eye on the competition in the motor trade in the form of both the national players and the good local operators. Labour rates are checked monthly, as are newspaper, radio, TV and direct mail adverts. There are some good operators in Dumfries, Carlisle, Workington and Ayr but no particular motor trade business causes the business any concern.

Border Cars Group Limited
Group strategic report (continued)
For the period ended 31 August 2015

Future developments

While the company has no firm plans for further acquisitions, should the correct opportunity arise and a franchise become available which might complement the existing structure, it would act accordingly.

This report was approved by the board and signed on its behalf by:

M V Fusco
Director



Date:

10/03/2016

Border Cars Group Limited
Director's report
For the period ended 31 August 2015

The director presents his report and the audited financial statements for the period ended 31 August 2015.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Results

The loss for the period, after taxation, amounted to £402,945 (2014 - profit £509,469).

Director

The director who served during the period was:

M V Fusco

Incorporation

The The Group was incorporated on the 17 June 2015 and began to trade on the 31 August 2015.

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Border Cars Group Limited
Director's report
For the period ended 31 August 2015

Auditors

The auditors, ASE Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

M V Fusco
Director

Date:

10/03/2016

Border Cars Group Limited

Independent auditors' report to the shareholders of Border Cars Group Limited

We have audited the financial statements of Border Cars Group Limited for the period ended 31 August 2015, set out on pages 7 to 25. 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 Auditors' 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 director and auditors

As explained more fully in the Director's responsibilities statement, the director is 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2015 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Border Cars Group Limited
Independent auditors' report to the shareholders of Border Cars Group Limited

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

ASE Audit LLP.

Robert Jones BA FCA (Senior statutory auditor)
for and on behalf of ASE Audit LLP
Chartered Accountants & Statutory Auditors
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Date:

10/03/2014

Border Cars Group Limited
Consolidated profit and loss account
For the period ended 31 August 2015

	Note	2015 £	2014 £
Turnover	1,2	103,905,599	78,095,333
Cost of sales		(91,588,107)	(70,318,966)
Gross profit		12,317,492	7,776,367
Administrative expenses		(12,350,005)	(8,378,212)
Other operating income	3	383,498	1,716,406
Operating profit	4	350,985	1,114,561
Interest receivable and similar income		12,658	-
Interest payable and similar charges	8	(556,723)	(379,686)
(Loss)/profit on ordinary activities before taxation		(193,080)	734,875
Tax on (loss)/profit on ordinary activities	9	(209,865)	(225,406)
(Loss)/profit for the financial period	19	(402,945)	509,469

All amounts relate to continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

Border Cars Group Limited
Consolidated statement of total recognised gains and losses
For the period ended 31 August 2015

	2015 £	2014 £
(Loss)/profit for the financial period	(402,945)	509,469
Unrealised surplus on revaluation of investment properties	<u>165,000</u>	<u>-</u>
Total recognised gains and losses relating to the period	<u><u>(237,945)</u></u>	<u><u>509,469</u></u>

Note of consolidated historical cost profits and losses
For the period ended 31 August 2015

	2015 £	2014 £
Reported (loss)/profit on ordinary activities before taxation	<u>(193,080)</u>	<u>734,875</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(193,080)</u>	<u>734,875</u>
Historical (loss)/profit for the period after taxation	<u>(402,945)</u>	<u>509,469</u>

The notes on pages 12 to 25 form part of these financial statements.

Border Cars Group Limited
Registered number: SC508621

Consolidated balance sheet
As at 31 August 2015

		31 August 2015		31 March 2014	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		9,426,648		9,085,257
Investment property	12		300,000		135,000
			<u>9,726,648</u>		<u>9,220,257</u>
Current assets					
Stocks	13	18,541,937		15,317,994	
Debtors	14	2,835,237		4,386,760	
Cash at bank and in hand		1,115,058		1,515,905	
		<u>22,492,232</u>		<u>21,220,659</u>	
Creditors: amounts falling due within one year	15	(22,030,486)		(19,660,693)	
Net current assets			<u>461,746</u>		<u>1,559,966</u>
Total assets less current liabilities			<u>10,188,394</u>		<u>10,780,223</u>
Creditors: amounts falling due after more than one year	16		(3,049,080)		(3,588,368)
Provisions for liabilities					
Deferred tax	17		(225,414)		(40,010)
Net assets			<u>6,913,900</u>		<u>7,151,845</u>
Capital and reserves					
Called up share capital	18		12		12
Revaluation reserve	19		774,638		609,638
Profit and loss account	19		6,139,250		6,542,195
Shareholders' funds	20		<u>6,913,900</u>		<u>7,151,845</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M V Fusco
Director



Date:

10/03/2014

The notes on pages 12 to 25 form part of these financial statements.

Border Cars Group Limited
Registered number: SC508621

Company balance sheet
As at 31 August 2015

		31 August 2015		31 March 2014	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		9,426,648		-
Investment property	12		300,000		-
			<u>9,726,648</u>		<u>-</u>
Current assets					
Stocks	13	18,541,937		-	
Debtors	14	2,798,417		-	
Cash at bank and in hand		1,115,058		-	
		<u>22,455,412</u>		<u>-</u>	
Creditors: amounts falling due within one year	15	(28,978,538)		-	
Net current (liabilities)/assets			<u>(6,523,126)</u>		<u>-</u>
Total assets less current liabilities			<u>3,203,522</u>		<u>-</u>
Creditors: amounts falling due after more than one year	16		(3,049,080)		-
Provisions for liabilities					
Deferred tax	17		(225,414)		-
Net (liabilities)/assets			<u>(70,972)</u>		<u>-</u>
Capital and reserves					
Called up share capital	18		12		-
Revaluation reserve	19		165,000		-
Profit and loss account	19		(235,984)		-
Shareholders' (deficit)/funds	20		<u>(70,972)</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

10/03/2016

M V Fusco
Director



The notes on pages 12 to 25 form part of these financial statements.

Border Cars Group Limited
Consolidated cash flow statement
For the period ended 31 August 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	21	(1,433,279)	34,802
Returns on investments and servicing of finance	22	(544,066)	(379,686)
Taxation		(244,116)	(225,901)
Capital expenditure and financial investment	22	(637,595)	(477,615)
Cash outflow before financing		(2,859,056)	(1,048,400)
Financing	22	2,458,209	1,324,119
(Decrease)/Increase in cash in the period		(400,847)	275,719

Reconciliation of net cash flow to movement in net funds/debt
For the period ended 31 August 2015

	2015 £	2014 £
(Decrease)/Increase in cash in the period	(400,847)	275,719
Cash inflow from increase in debt and lease financing	(2,458,209)	(1,324,119)
Movement in net debt in the period	(2,859,056)	(1,048,400)
Net debt at 1 April 2014	(2,450,448)	(1,402,048)
Net debt at 31 August 2015	(5,309,504)	(2,450,448)

The notes on pages 12 to 25 form part of these financial statements.

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Freehold property and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Border Cars Group Limited and all of its subsidiary undertakings ('subsidiaries').

On 31 August 2015 Border Cars Group Limited acquired the shares of all its wholly owned subsidiaries as part of a group reconstruction. The group reconstruction has been accounted for in accordance with the principals of merger accounting since the shareholders of Border Cars Group Limited are the same as the former shareholders of all the wholly owned subsidiaries, and their rights, relative to each other are unchanged. Therefore the shareholders have a continuing interest in the business, both before and after its transfer to Border Cars Group Limited. Consequently, these financial statements have been prepared as if Border Cars Group Limited had always been the holding company.

Under the principals of merger accounting, the assets and liabilities of all wholly owned subsidiaries Limited have been brought in at their book values under the accounting policies of Border Cars Group Limited. In addition, the income, expenditure and cashflows of the wholly owned subsidiaries have been included for the entire previous financial year. The comparative profit and loss account, balance sheet and cashflow at 31 August 2015 is presented being the comparative accounting period for the published group financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment by, or delivery date to, the customer together with the associated manufacturer vehicle bonus income. Any other manufacturer income in relation to achieving targets is recognised on an accruals basis.

Servicing and bodyshop revenue is recognised on the completion of the agreed work.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 0.5% per annum
Plant and machinery	- 15% - 25% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 15% - 25% per annum
Office equipment	- 25% per annum
Computer equipment	- 15% - 25% per annum

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

1. Accounting policies (continued)

1.6 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the director, necessary in order to give a true and fair view of the financial position of the company and the group.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Consignment stocks

Included within trade creditors are consignment vehicles which due to the significant risks and rewards of ownership passing to the company are regarded effectively as being under the control of the company. In accordance with FRS 5 these vehicles are included in stocks on the balance sheet, although legal title has not passed to the company. The corresponding liability is included as new vehicle funding and is secured directly on these vehicles.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

2. Turnover

All turnover arose within the United Kingdom.

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

3. Other operating income

	2015 £	2014 £
Other operating income	54,083	203,627
Commissions receivable	329,415	1,512,779
	<u>383,498</u>	<u>1,716,406</u>

4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the group	308,183	213,095
Operating lease rentals:		
- plant and machinery	6,355	-
- other operating leases	75,046	106,655
	<u>489,584</u>	<u>329,750</u>

During the period, no director received any emoluments (2014 - £NIL).

5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	46,325	13,848

6. Staff costs

Staff costs, including director's remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	7,951,899	5,727,777
Social security costs	701,980	447,729
Other pension costs	56,432	22,530
	<u>8,710,311</u>	<u>6,198,036</u>

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

6. Staff costs (continued)

The average monthly number of employees, including the director, during the period was as follows:

	2015 No.	2014 No.
Management and Admin	51	53
Sales	105	129
Production	160	125
	<u>316</u>	<u>307</u>

7. Director's remuneration

During the period retirement benefits were accruing to 1 directors (2014 - 1) in respect of defined contribution pension schemes.

8. Interest payable

	2015 £	2014 £
On bank loans and overdrafts	157,455	18,587
Stocking interest payable	399,268	361,099
	<u>556,723</u>	<u>379,686</u>

9. Taxation

	2015 £	2014 £
Analysis of tax (credit)/charge in the period/year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the period/year	13,891	235,667
Adjustments in respect of prior periods	10,570	-
Total current tax	<u>24,461</u>	<u>235,667</u>
Deferred tax (see note 17)		
Origination and reversal of timing differences	185,404	(10,261)
Tax on (loss)/profit on ordinary activities	<u>209,865</u>	<u>225,406</u>

Factors affecting tax charge for the period/year

There were no factors that affected the tax charge for the period/year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2014 - 20%).

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

9. Taxation (continued)

Factors that may affect future tax charges

The group has total tax losses to carry forward of £1,792,342.

10. Intangible fixed assets

	Goodwill £
Group	
Cost	
At 1 April 2014 and 31 August 2015	60,000
Amortisation	
At 1 April 2014 and 31 August 2015	60,000
Net book value	
At 31 August 2015	-
At 31 March 2014	-
Company	
Cost	
At 1 April 2014 and 31 August 2015	60,000
Amortisation	
At 1 April 2014 and 31 August 2015	60,000
Net book value	
At 31 August 2015	-
At 31 March 2014	-

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

11. Tangible fixed assets

Group	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £
Cost or valuation						
At 1 April 2014	8,457,691	892,433	645,992	229,117	9,221	594,475
Additions	70,586	76,749	362,300	67,601	-	72,338
At 31 August 2015	8,528,277	969,182	1,008,292	296,718	9,221	666,813
Depreciation						
At 1 April 2014	172,887	595,369	326,354	152,639	192	496,231
Charge for the period	29,805	122,162	60,202	30,757	2,957	62,300
At 31 August 2015	202,692	717,531	386,556	183,396	3,149	558,531
Net book value						
At 31 August 2015	8,325,585	251,651	621,736	113,322	6,072	108,282
At 31 March 2014	8,284,804	297,064	319,638	76,478	9,029	98,244
Group						Total £
Cost or valuation						
At 1 April 2014						10,828,929
Additions						649,574
At 31 August 2015						11,478,503
Depreciation						
At 1 April 2014						1,743,672
Charge for the period						308,183
At 31 August 2015						2,051,855
Net book value						
At 31 August 2015						9,426,648
At 31 March 2014						9,085,257

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

11. Tangible fixed assets (continued)

Company	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £
Cost or valuation						
Transfer of hive up	8,528,277	969,181	1,008,292	296,717	9,221	666,814
At 31 August 2015	8,528,277	969,181	1,008,292	296,717	9,221	666,814
Depreciation						
Transfer on hive up	202,692	717,531	386,556	183,395	3,149	558,531
At 31 August 2015	202,692	717,531	386,556	183,395	3,149	558,531
Net book value						
At 31 August 2015	8,325,585	251,650	621,736	113,322	6,072	108,283
At 31 March 2014	-	-	-	-	-	-
						Total £
Company						
Cost or valuation						
Transfer of hive up						11,478,502
At 31 August 2015						11,478,502
Depreciation						
Transfer on hive up						2,051,854
At 31 August 2015						2,051,854
Net book value						
At 31 August 2015						9,426,648
At 31 March 2014						-

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

12. Investment property

	Freehold investment property £
Group	
Valuation	
At 1 April 2014	135,000
Surplus/(deficit) on revaluation	165,000
At 31 August 2015	<u>300,000</u>
Comprising	
Cost	135,000
Annual revaluation surplus/(deficit): 2015	<u>165,000</u>
At 31 August 2015	<u>300,000</u>

The 2015 valuations were made by the director, on an open market value for existing use basis.

13. Stocks

	Group		Company	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
Vehicle stocks	17,674,606	14,577,141	17,674,606	-
Parts stocks	867,331	740,853	867,331	-
	<u>18,541,937</u>	<u>15,317,994</u>	<u>18,541,937</u>	<u>-</u>

Included within vehicle stocks is a balance relating to consignment stock totalling £4,051,427 (2014 £3,620,315).

14. Debtors

	Group		Company	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
Trade debtors	2,144,585	3,988,497	2,144,576	-
Other debtors	36,811	738	-	-
Prepayments and accrued income	653,841	397,525	653,841	-
	<u>2,835,237</u>	<u>4,386,760</u>	<u>2,798,417</u>	<u>-</u>

Border Cars Group Limited
Notes to the financial statements
For the period ended 31 August 2015

15. Creditors:
Amounts falling due within one year

	Group		Company	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
Bank loans and overdrafts	3,375,482	377,985	3,375,482	-
Trade creditors	17,758,121	17,727,091	17,758,121	-
Bills of exchange	-	45,744	-	-
Amounts owed to group undertakings	-	-	7,241,626	-
Corporation tax	50,702	233,546	-	-
Other taxation and social security	259,629	414,228	259,629	-
Other creditors	247,919	131,156	5,059	-
Accruals and deferred income	338,633	730,943	338,621	-
	<u>22,030,486</u>	<u>19,660,693</u>	<u>28,978,538</u>	<u>-</u>

Included within trade creditors is a balance relating to consignment stock totalling £4,051,427 (2014 £3,620,315).

16. Creditors:
Amounts falling due after more than one year

	Group		Company	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
Bank loans	2,993,082	2,936,288	2,993,082	-
Other loans	55,998	652,080	55,998	-
	<u>3,049,080</u>	<u>3,588,368</u>	<u>3,049,080</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	Group		Company	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
Between one and two years				
Bank loans	-	2,936,288	-	-
Other loans	55,998	652,080	55,998	-
Between two and five years				
Bank loans	<u>2,993,082</u>	<u>-</u>	<u>2,993,082</u>	<u>-</u>

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16. Creditors:
Amounts falling due after more than one year (continued)

The loan for the Carlisle site totalling £670,195 is secured against the following:

- 1) a personal guarantee from the directors of £1,450,000.
- 2) Leasehold 1st Legal Charge
- 3) Bond and floating charge
- 4) Unlimited guarantee granted by the company

The loan for the Ayr site totalling £2,131,071 is secured against the following:

- 1) Standard security over the property
- 2) A floating charge over the company assets

The loan for the Stranraer site totalling £567,296, is secured against the following:

- 1) Bond and floating charge
- 2) Unlimited guarantee granted by the company

17. Deferred taxation

	Group		Company	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
At beginning of period/year	40,010	44,443	-	-
Charge for/(released during) the period (P&L)	185,404	(4,433)	225,414	-
At end of period/year	<u>225,414</u>	<u>40,010</u>	<u>225,414</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	Group		Company	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
Accelerated capital allowances	<u>225,414</u>	<u>40,010</u>	<u>225,414</u>	<u>-</u>

18. Share capital

	31 August 2015 £	31 March 2014 £
Allotted, called up and fully paid		
12 Ordinary shares of £1 each (issued during the year)	<u>12</u>	<u>-</u>

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19. Reserves

	Revaluation reserve £	Profit and loss account £
Group		
At 1 April 2014	609,638	6,542,195
Loss for the financial period		(402,945)
Surplus on revaluation of freehold property	165,000	
	<u>774,638</u>	<u>6,139,250</u>
At 31 August 2015		
	<u>774,638</u>	<u>6,139,250</u>
Company		
Loss for the financial period		(235,984)
Surplus on revaluation of freehold property	165,000	
	<u>165,000</u>	<u>(235,984)</u>
At 31 August 2015		
	<u>165,000</u>	<u>(235,984)</u>

20. Reconciliation of movement in shareholders' funds

	31 August 2015 £	31 March 2014 £
Group		
Opening shareholders' funds	7,151,845	6,642,376
(Loss)/profit for the financial period/year	(402,945)	509,469
Other recognised gains and losses during the period/year	165,000	-
	<u>6,913,900</u>	<u>7,151,845</u>
Closing shareholders' funds		
	<u>6,913,900</u>	<u>7,151,845</u>
Company		
Opening shareholders' funds	12	12
(Loss)/profit for the financial period/year	(235,984)	-
Other recognised gains and losses during the period/year	165,000	-
	<u>(70,972)</u>	<u>12</u>
Closing shareholders' (deficit)/funds		
	<u>(70,972)</u>	<u>12</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The (loss)/profit for the period/year dealt with in the accounts of the company was £235,984 (2014 - £NIL).

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21. Net cash flow from operating activities

	2015 £	2014 £
Operating profit	350,985	1,114,561
Depreciation of tangible fixed assets	308,183	198,344
Profit on disposal of tangible fixed assets	(11,979)	-
Increase in stocks	(2,671,911)	(2,300,733)
Decrease/(increase) in debtors	1,588,335	(268,407)
(Decrease)/increase in creditors	(996,892)	1,291,037
Net cash (outflow)/inflow from operating activities	<u>(1,433,279)</u>	<u>34,802</u>

22. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	12,658	-
Interest paid	(556,724)	(379,686)
Net cash outflow from returns on investments and servicing of finance	<u>(544,066)</u>	<u>(379,686)</u>

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(649,574)	(620,180)
Sale of tangible fixed assets	11,979	142,565
Net cash outflow from capital expenditure	<u>(637,595)</u>	<u>(477,615)</u>

	2015 £	2014 £
Financing		
New secured loans	3,054,291	-
Other new loans and repayments	-	1,324,119
Repayment of other loans	(596,082)	-
Net cash inflow from financing	<u>2,458,209</u>	<u>1,324,119</u>

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23. Analysis of changes in net debt

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand	1,515,905	(400,847)	-	1,115,058
Debt:				
Debts due within one year	(377,985)	(2,458,209)	(539,287)	(3,375,481)
Debts falling due after more than one year	(3,588,368)	-	539,287	(3,049,081)
Net debt	<u>(2,450,448)</u>	<u>(2,859,056)</u>	<u>-</u>	<u>(5,309,504)</u>

24. Contingent liabilities

The company is liable with group companies to its bankers in respect of overdrafts and loans operated by those companies under the terms of an unlimited multilateral guarantee. The full potential liability at the balance sheet date, after formal offset of credit balances, was £2,848,374 (2014 £2,447,527).

The above mentioned loans, overdrafts and facilities, are secured against all of the group's assets.

In addition the company is also liable with other group companies, in respect of vehicle stocking loans. The full potential liability at the balance sheet date was £11,662,551 (2014 £6,759,0743).

25. Operating lease commitments

At 31 August 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	31 August 2015 £	31 March 2014 £	31 August 2015 £	31 March 2014 £
Group				
Expiry date:				
After more than 5 years	<u>75,046</u>	<u>75,046</u>	<u>-</u>	<u>-</u>

26. Related party transactions

Included within other creditors is an amount of £242,860 (2014 £131,156) owed to Casa Mia which is a related party by virtue of being under common control of M V Fusco

The company has taken the exemptions under FRS8 not to disclose transactions entered into between two or more members of wholly owed group companies

27. Controlling party

The company is under the control of M V Fusco by virtue of his 100% shareholding

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28. Principal subsidiaries

Company name	Percentage Shareholding
Border Cars (Ayr) limited	100%
Border Cars (Carlisle) Limited	100%
Border Cars (Dumfries) Ltd	100%
Border Cars (Lillyhall) Ltd	100%
Border Cars (Stranraer) Ltd	100%
Border Cars Limited	100%