

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2017
for
White Dove Securities Limited



ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2017

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Company Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14

White Dove Securities Limited
Company Information
for the Year Ended 31 December 2017

DIRECTORS: R J Hughes
M R Francis

SECRETARY: M R Francis

REGISTERED OFFICE: Hadfield Road
Cardiff
CF11 8WD

REGISTERED NUMBER: 01116612 (England and Wales)

AUDITORS: ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Group Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

REVIEW OF BUSINESS

2017 saw the group enjoy a year free from the distractions and disruptions of major showroom building work and allowed both franchises to develop into their new environments.

The Skoda franchise enjoyed a growth in car sales volumes of 12% and the SEAT franchise enjoyed a growth in car sales volumes of 13%.

The additional workshop capacity provided by the new building completed in 2016 allowed Labour sales to increase by 30% and Parts sales to increase by 19%.

The Directors are pleased with the result for 2017 and are confident of the continuing prospects for 2018.

Key Performance Indicators

Turnover for the year was up 23% due to the higher volumes of cars, labour and parts sold with gross profit holding firm at 12.2%. Return on Sales before taxation increased from 2.75% in 2016 to 2.93%.

In addition to the financial performance significant progress was made in Customer Satisfaction Scores for both brands with Skoda in particular ending the year amongst the top 10 dealers in the UK.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

MANUFACTURERS SUPPLY OF NEW AND IMPROVED PRODUCTS

The group is reliant on new vehicle products from its manufacturer partners. This exposes the group to risks in a number of areas as the group is dependent on its manufacturer/supplier in respect of:

- availability of new vehicle products
- quality of new vehicle products
- pricing of new vehicle products

The directors are confident that future new products from its manufacturers/suppliers will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by the other core business areas of the group, including used vehicle sales, parts sales and service work.

ECONOMIC DOWNTURN

The success of the business is reliant on consumer spending. An economic downturn, resulting in a reduction of consumer spending power, will have a direct impact on the income achieved by the group.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

POSSIBLE IMPACT OF BREXIT


A "Hard" Brexit may have an impact on the UK car market from March 2019 with possible rises in the cost of vehicles and parts from overseas due to adverse exchange rates and higher tariffs. This may affect demand for new car sales with selling prices rises inevitable, although used car sales volumes may increase.

FUTURE DEVELOPMENTS

Subsequent to the year end the group completed the development of some additional adjoining land to expand the SEAT used car display area, increase the amount of customer car parking on site and create a brand new vehicle preparation and valeting centre.

The group can now hopefully look forward to a period of regular sustained trading.

ON BEHALF OF THE BOARD:


.....
M R Francis - Secretary

Date: 29.12.2017

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

DIVIDENDS

An interim dividend of £23.166 per share was paid on 5 December 2017. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2017 will be £24,000 (2016: £60,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

R J Hughes
M R Francis

FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The company and group use a number of financial instruments which include loans, cash, equity investments and other various items such as trade debtors and trade creditors which arise directly from their operations.

The existence of these financial instruments exposes the company and group to a number of financial risks, which are described in more detail below.

The significant risks arising from the company and group's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for the management of each of these risks which are noted below. These policies are consistent with those from the previous year.

INTEREST RATE RISK

The company and group finances its operations through a mixture of bank and other external borrowings. The company and group's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. The Statement of Financial Position includes trade debtors and creditors which do not attract.

The company and group's policy throughout the year has been to achieve its objective of managing interest rate risk through day to day involvement of management in business decisions rather than through setting maximum or minimum levels for the level of fixed interest rate borrowings.

LIQUIDITY RISK

The company and group make efforts to manage the financial risk by the monitoring of cash flow to ensure that the company and group is able to meet any foreseeable debts as they fall due and to invest any cash assets profitably.

CREDIT RISK

The company and group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited and therefore the principal credit risk arises from its trade debtors.

In order to manage credit risk, the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance director on a regular basis in conjunction with debt ageing and collection history.

DISCLOSURE IN THE STRATEGIC REPORT

The Directors review of business, and their consideration of the risks and uncertainties surrounding the business may be found in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Directors
for the Year Ended 31 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, ASE Audit LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:


.....
M R Francis, Secretary

Date: 29.10.2018

Report of the Independent Auditors to the Members of
White Dove Securities Limited

Opinion

We have audited the financial statements of White Dove Securities Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

Report of the Independent Auditors to the Members of
White Dove Securities Limited

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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 a Report of the Auditors 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.

ASE Audit LLP

Beverley Richardson FCA (Senior Statutory Auditor)
for and on behalf of ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Date: 30-10-18

White Dove Securities Limited (Registered number: 01116612)

Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2017

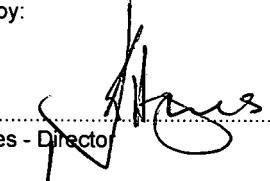
	Notes	2017 £	2016 £
TURNOVER	3	30,502,300	24,956,862
Cost of sales		<u>26,407,983</u>	<u>21,709,671</u>
GROSS PROFIT		4,094,317	3,247,191
Administrative expenses		<u>2,855,018</u>	<u>2,392,464</u>
		1,239,299	854,727
Other operating income		<u>13,298</u>	-
OPERATING PROFIT	5	1,252,597	854,727
Interest receivable and similar income		<u>15</u>	<u>81</u>
		1,252,612	854,808
Interest payable and similar expenses	6	<u>90,833</u>	<u>106,193</u>
PROFIT BEFORE TAXATION		1,161,779	748,615
Tax on profit	7	<u>176,411</u>	<u>130,261</u>
PROFIT FOR THE FINANCIAL YEAR		985,368	618,354
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>985,368</u>	<u>618,354</u>
Profit attributable to: Owners of the parent		<u>985,368</u>	<u>618,354</u>
Total comprehensive income attributable to: Owners of the parent		<u>985,368</u>	<u>618,354</u>

The notes form part of these financial statements

Consolidated Statement of Financial Position
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	4,124,062	3,684,634
Investments	11	-	-
Investment property	12	2,050,000	2,050,000
		<u>6,174,062</u>	<u>5,734,634</u>
CURRENT ASSETS			
Stocks	13	3,249,171	3,585,948
Debtors	14	1,357,854	1,436,044
Cash at bank and in hand		859,136	806,795
		<u>5,466,161</u>	<u>5,828,787</u>
CREDITORS			
Amounts falling due within one year	15	(4,747,090)	(5,254,480)
NET CURRENT ASSETS		<u>719,071</u>	<u>574,307</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,893,133</u>	<u>6,308,941</u>
CREDITORS			
Amounts falling due after more than one year	16	(1,636,657)	(1,963,831)
PROVISIONS FOR LIABILITIES	21	(67,365)	(117,367)
NET ASSETS		<u>5,189,111</u>	<u>4,227,743</u>
CAPITAL AND RESERVES			
Called up share capital	22	1,036	1,036
Fair value reserve	23	724,724	724,724
Retained earnings	23	4,463,351	3,501,983
SHAREHOLDERS' FUNDS		<u>5,189,111</u>	<u>4,227,743</u>

The financial statements were approved by the Board of Directors on 29.12.2018 and were signed on its behalf by:


R J Hughes - Director


M R Francis - Director

The notes form part of these financial statements

Company Statement of Financial Position
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	-	-
Investments	11	5,384	5,384
Investment property	12	750,000	750,000
		<u>755,384</u>	<u>755,384</u>
CURRENT ASSETS			
Debtors	14	480,000	460,000
Cash at bank		148,509	239,279
		<u>628,509</u>	<u>699,279</u>
CREDITORS			
Amounts falling due within one year	15	(594,817)	(614,531)
NET CURRENT ASSETS		<u>33,692</u>	<u>84,748</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>789,076</u>	<u>840,132</u>
CREDITORS			
Amounts falling due after more than one year	16	(310,437)	(361,068)
PROVISIONS FOR LIABILITIES	21	(16,428)	(16,428)
NET ASSETS		<u>462,211</u>	<u>462,636</u>
CAPITAL AND RESERVES			
Called up share capital	22	1,036	1,036
Retained earnings	23	461,175	461,600
SHAREHOLDERS' FUNDS		<u>462,211</u>	<u>462,636</u>
Company's profit for the financial year		<u>23,575</u>	<u>4,684</u>

The financial statements were approved by the Board of Directors on 29.10.2018 and were signed on its behalf by:

R J Hughes - Director

M R Francis - Director

The notes form part of these financial statements

White Dove Securities Limited (Registered number: 01116612)

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Fair value reserve £	Total equity £
Balance at 1 January 2016	1,036	2,943,629	724,724	3,669,389
Changes in equity				
Dividends	-	(60,000)	-	(60,000)
Total comprehensive income	-	618,354	-	618,354
Balance at 31 December 2016	<u>1,036</u>	<u>3,501,983</u>	<u>724,724</u>	<u>4,227,743</u>
Changes in equity				
Dividends	-	(24,000)	-	(24,000)
Total comprehensive income	-	985,368	-	985,368
Balance at 31 December 2017	<u><u>1,036</u></u>	<u><u>4,463,351</u></u>	<u><u>724,724</u></u>	<u><u>5,189,111</u></u>

The notes form part of these financial statements

White Dove Securities Limited (Registered number: 01116612)

Company Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	1,036	516,916	517,952
Changes in equity			
Dividends	-	(60,000)	(60,000)
Total comprehensive income	-	4,684	4,684
Balance at 31 December 2016	<u>1,036</u>	<u>461,600</u>	<u>462,636</u>
Changes in equity			
Dividends	-	(24,000)	(24,000)
Total comprehensive income	-	23,575	23,575
Balance at 31 December 2017	<u><u>1,036</u></u>	<u><u>461,175</u></u>	<u><u>462,211</u></u>

The notes form part of these financial statements

White Dove Securities Limited (Registered number: 01116612)

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	1,555,701	1,358,953
Interest paid		(90,833)	(106,193)
Tax paid		(211,753)	(62,633)
Net cash from operating activities		<u>1,253,115</u>	<u>1,190,127</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,222,133)	(1,730,774)
Sale of tangible fixed assets		357,603	305,841
Interest received		15	81
Net cash from investing activities		<u>(864,515)</u>	<u>(1,424,852)</u>
Cash flows from financing activities			
New loans in year		-	1,000,000
Loan repayments in year		(149,161)	(130,525)
New HP contracts in year		349,222	616,173
Capital repayments in year		(476,320)	(570,956)
Amount withdrawn by directors		(60,000)	(45,679)
Net cash from financing activities		<u>(336,259)</u>	<u>869,013</u>
Increase in cash and cash equivalents		<u>52,341</u>	<u>634,288</u>
Cash and cash equivalents at beginning of year	2	<u>806,795</u>	<u>172,507</u>
Cash and cash equivalents at end of year	2	<u><u>859,136</u></u>	<u><u>806,795</u></u>

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit before taxation	1,161,779	748,615
Depreciation charges	520,914	420,750
Profit on disposal of fixed assets	(95,812)	(21,017)
Finance costs	90,833	106,193
Finance income	(15)	(81)
	1,677,699	1,254,460
Decrease/(increase) in stocks	191,059	(854,485)
Decrease/(increase) in trade and other debtors	78,190	(309,439)
(Decrease)/increase in trade and other creditors	(391,247)	1,268,417
Cash generated from operations	1,555,701	1,358,953

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	859,136	806,795

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	806,795	172,507

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2017

1. STATUTORY INFORMATION

White Dove Securities Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is included on the Statement of Financial Position and the registered office address of the company is Hadfield Road, Cardiff, CF11 8WD.

The presentation currency of the financial statements is Pound Sterling (£).

There is no single place of business. The principal activity of the company and the group in the year under review was that of purchasing, selling and repairing of motor vehicles and other ancillary services, together with the contract hire and leasing of motor vehicles and the rental of the investment property.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Consignment stock

Vehicles held on consignment have been included in 'vehicle stock' within 'stocks' on the basis that the group has determined that it holds the significant risks and rewards attached to these vehicles.

Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass' and CAP valuation guides. The directors maintain oversight of ageing stock profiles and a quarterly review of any provision required is performed.

Investment properties

Investment properties are valued annually using a yield of methodology using market rental values capitalised at a market capitalisation rate, but there is an inevitable degree of judgment involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Property, plant and equipment assets

Property, plant and equipment are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows.

Incentives and other rebates from brand partners

The group receives income in the form of various incentives which are determined by the brand partners. The amount received is generally based on achieving specific objectives such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Incentives are set and measured on a monthly basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

The group may also receive contributions towards advertising and promotional expenditure. Where such contributions are received they are recognised as a reduction in the related expenditure in the period to which they relate.

Turnover

Turnover from the sale of goods is recognised in the Income Statement, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is accounted for on a receivable basis.

Rental income

Revenue income is accounted for on an accruals basis.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long leasehold	- 2% on cost or valuation
Plant and machinery	- 10% - 20% on cost
Fixtures and fittings	- 10% - 25% on cost
Motor vehicles	- 25% on cost and over the lease period

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted respectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Consolidated Statement of Comprehensive Income.

Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving stock.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

Consignment stock

Consignment vehicles which bear considerably more of the risks and responsibilities of ownership are regarded effectively as being under control of the group and, in accordance with FRS 102 are included in stocks on the Statement of Financial Position, although legal title has not passed to the group. The corresponding liability is included in trade creditors and is secured directly on these vehicles.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts are capitalised in the Statement of Financial Position. Those held under hire purchase contracts are depreciated over the estimated useful life.

The interest element of these obligations is charged to the Consolidated Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

Investments in hire purchase contracts

Net investments in hire purchase contracts are included in current assets on the Statement of Financial Position.

The allocation of gross earnings from investments in hire purchase contracts is made on a systematic basis whereby the cost of finance is spread evenly across the term of the lease.

Pension costs and other post-retirement benefits

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. The amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

Financial instruments

The fair values of the company's financial assets, cash and cash equivalents, and financial liabilities (which include liabilities in respect of consignment stock) are assumed to approximate to their book value. The company does not enter into derivative financial instruments.

Debtors

Short term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2017	2016
	£	£
Sale of goods	28,394,314	23,199,130
Rendering of services	1,441,355	1,092,358
Commissions receivable	396,017	413,992
Rental income	270,614	251,382
	<u>30,502,300</u>	<u>24,956,862</u>

All turnover arose within the United Kingdom.

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	1,692,905	1,415,722
Social security costs	177,334	143,294
Other pension costs	17,952	16,143
	<u>1,888,191</u>	<u>1,575,159</u>

The average number of employees during the year was as follows:

	2017	2016
Selling and workshop	18	17
Administration	32	26
	<u>50</u>	<u>43</u>

	2017	2016
	£	£
Directors' remuneration	<u>60,079</u>	<u>58,049</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£	£
Other operating leases	49,174	43,000
Depreciation - owned assets	231,881	163,034
Depreciation - assets on hire purchase contracts	289,033	257,717
Auditors' remuneration	13,790	17,580
Auditors' remuneration for non audit work	<u>2,510</u>	<u>2,510</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	-	288
Bank loan interest	10,793	12,662
Other loan interest	30,994	41,165
Stocking loan interest	<u>49,046</u>	<u>52,078</u>
	<u>90,833</u>	<u>106,193</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax	233,830	141,919
Over provision in prior years	(7,417)	(350)
Total current tax	226,413	141,569
Deferred tax	(50,002)	(11,308)
Tax on profit	176,411	130,261

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	1,161,779	748,615
Profit multiplied by the standard rate of corporation tax in the UK of 19.247% (2016 - 20%)	223,608	149,723
Effects of:		
Expenses not deductible for tax purposes	7,315	1,305
Income not taxable for tax purposes	(282)	(65)
Adjustments to tax charge in respect of previous periods	(65,698)	(350)
Depreciation on none qualifying assets	10,130	7,647
Difference in deferred tax rates	1,338	2,077
Deferred tax on fair value adjustment	-	(30,076)
Total tax charge	176,411	130,261

Factors that may affect future tax charges

A reduction in the corporation tax rate from 20% to 19% from 1 April 2019 and to 17% from 1 April 2020 was substantively enacted on 6 September 2016. Future tax liabilities will reduce accordingly.

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £1 each		
Interim	24,000	60,000

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

10. **TANGIBLE FIXED ASSETS**

Group

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2017	2,648,894	250,340	704,398	2,168,324	5,771,956
Additions	305,213	40,187	3,754	872,979	1,222,133
Disposals	-	-	-	(685,939)	(685,939)
At 31 December 2017	2,954,107	290,527	708,152	2,355,364	6,308,150
DEPRECIATION					
At 1 January 2017	717,695	203,535	366,155	799,937	2,087,322
Charge for year	52,986	7,567	38,531	421,830	520,914
Eliminated on disposal	-	-	-	(424,148)	(424,148)
At 31 December 2017	770,681	211,102	404,686	797,619	2,184,088
NET BOOK VALUE					
At 31 December 2017	2,183,426	79,425	303,466	1,557,745	4,124,062
At 31 December 2016	1,931,199	46,805	338,243	1,368,387	3,684,634

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2017	1,582,933
Additions	349,222
Disposals	(402,090)
Reclassification/transfer	99,936
At 31 December 2017	1,630,001
DEPRECIATION	
At 1 January 2017	491,880
Charge for year	289,033
Eliminated on disposal	(225,080)
Reclassification/transfer	35,340
At 31 December 2017	591,173
NET BOOK VALUE	
At 31 December 2017	1,038,828
At 31 December 2016	1,091,053

Assets held under finance leases or hire purchase contracts are pledged as security for the group's hire purchase contracts.

The remainder of the assets are pledged as security for the group bank facilities.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2017	
and 31 December 2017	5,384
NET BOOK VALUE	
At 31 December 2017	5,384
At 31 December 2016	5,384

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

White Dove Garages Limited

Registered office: United Kingdom

Nature of business: Franchised Motor Dealer

Class of shares:	%
Ordinary	holding 100.00

White Dove Contracts Limited

Registered office: United Kingdom

Nature of business: Leasing and contract hire company

Class of shares:	%
Ordinary	holding 100.00

White Dove Motor Services Limited

Registered office: United Kingdom

Nature of business: Property holding / investment company

Class of shares:	%
Ordinary	holding 100.00

12. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 January 2017	
and 31 December 2017	2,050,000
NET BOOK VALUE	
At 31 December 2017	2,050,000
At 31 December 2016	2,050,000

The investment property is pledged as security for the group bank facilities.

The investment properties are held for use in operating leases.

White Dove Securities Limited (Registered number: 01116612)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

12. INVESTMENT PROPERTY - continued

Group

Fair value at 31 December 2017 is represented by:

	£
Valuation in 2015	895,657
Cost	1,154,343
	<u>2,050,000</u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2017 £	2016 £
Cost	<u>1,154,343</u>	<u>1,154,343</u>
Aggregate depreciation	<u>(101,085)</u>	<u>(101,085)</u>

The investment property held in the subsidiary was revalued on an open market basis on 31 January 2014 by Cooke & Arkwright, Chartered Surveyors.

The investment property held in the company was revalued on an open market basis on 21 October 2015 by Cooke & Arkwright, Chartered Surveyors.

Company

	Total £
FAIR VALUE	
At 1 January 2017	
and 31 December 2017	<u>750,000</u>
NET BOOK VALUE	
At 31 December 2017	<u>750,000</u>
At 31 December 2016	<u>750,000</u>

Fair value at 31 December 2017 is represented by:

	£
Valuation in 2015	96,639
Cost	653,361
	<u>750,000</u>

If investment property had not been revalued it would have been included at the following historical cost:

	2017 £	2016 £
Cost	<u>653,361</u>	<u>653,361</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017**

13. STOCKS

	Group	
	2017	2016
	£	£
Vehicle stock	3,185,305	3,496,387
Parts and accessories	63,866	89,561
	3,249,171	3,585,948

Stock recognised in cost of sales during the year as an expense was £26,393,853 (2016: £21,474,049).

An impairment of £37,696 (2016: £40,520) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

All stock is pledged as security for the vehicle funding and the bank facilities due to a fixed and floating charge.

14. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	489,455	513,361	-	-
Amounts recoverable on contract	109,175	91,249	-	-
Other debtors	579,279	634,922	480,000	460,000
Directors' loan accounts	15,680	-	-	-
Prepayments	43,358	41,092	-	-
	1,236,947	1,280,624	480,000	460,000
Amounts falling due after more than one year:				
Amounts recoverable on contract	120,907	155,420	-	-
Aggregate amounts	1,357,854	1,436,044	480,000	460,000

An impairment loss of £Nil (2016: £Nil) was recognised against these debtors.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 17)	49,795	48,325	49,795	48,325
Other loans (see note 17)	100,000	100,000	-	-
Hire purchase contracts (see note 18)	399,831	350,386	-	-
Trade creditors	3,094,453	3,504,812	-	20,849
Amounts owed to group undertakings	-	-	250,000	-
Amounts owed to participating interests	19,546	19,546	19,546	19,546
Corporation tax	156,579	141,919	5,619	458
Social security and other taxes	35,740	46,168	8,952	8,895
VAT	196,874	196,252	7,803	4,358
Other creditors	67,500	67,500	67,500	67,500
Directors' loan accounts	-	310,000	24,000	310,000
Accruals	626,772	469,572	161,602	134,600
	4,747,090	5,254,480	594,817	614,531

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (see note 17)	310,437	361,068	310,437	361,068
Other loans (see note 17)	716,667	816,667	-	-
Hire purchase contracts (see note 18)	609,553	786,096	-	-
	<u>1,636,657</u>	<u>1,963,831</u>	<u>310,437</u>	<u>361,068</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	49,795	48,325	49,795	48,325
Other loans	100,000	100,000	-	-
	<u>149,795</u>	<u>148,325</u>	<u>49,795</u>	<u>48,325</u>
Amounts falling due between one and two years:				
Bank loans	45,717	49,795	45,717	49,795
Other loans	100,000	100,000	-	-
	<u>145,717</u>	<u>149,795</u>	<u>45,717</u>	<u>49,795</u>
Amounts falling due between two and five years:				
Bank loans	95,849	108,747	95,849	108,747
Other loans	300,000	300,000	-	-
	<u>395,849</u>	<u>408,747</u>	<u>95,849</u>	<u>108,747</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	168,871	202,526	168,871	202,526
Other loans	316,667	416,667	-	-
	<u>485,538</u>	<u>619,193</u>	<u>168,871</u>	<u>202,526</u>

The bank loans are made up of two separate loans made up of the following balances £36,236 (2016: £56,320) and £323,996 (2016: £353,073). Both loans attract interest at 2.5% above the banks base rate and are repayable by monthly instalments.

The other loan relates to a VW Bank loan which attracts interest at 2.56% above the relevant Funding Rate. The loan is repayable by monthly instalments.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	399,831	350,386
Between one and five years	609,553	786,096
	<u>1,009,384</u>	<u>1,136,482</u>

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	76,250	43,000
Between one and five years	305,000	172,000
In more than five years	3,355,917	2,906,000
	<u>3,737,167</u>	<u>3,121,000</u>

The group also has minimum lease income in respect of non cancellable operating leases as follows:

	2017	2016
	£	£
Within one year	119,994	119,994
Between one and five years	479,976	479,976
In more than five years	949,953	1,069,947
	<u>1,549,923</u>	<u>1,669,917</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	360,232	409,393	360,232	409,393
Hire purchase contracts	1,009,384	1,136,482	-	-
Other loans	816,667	916,667	-	-
Vehicle funding	3,152,980	2,199,716	-	-
	<u>5,339,263</u>	<u>4,662,258</u>	<u>360,232</u>	<u>409,393</u>

The bank loans are secured by a fixed charge over the property and a fixed and floating charge over all assets of the group.

The VW Bank loan is secured by way of a debenture and a legal charge over White Dove Garages Limited, White Dove Motor Services Limited and White Dove Securities Limited.

Hire purchase balances are secured on the assets to which they relate.

Vehicle funding is secured against the vehicles to which they relate.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017**

20. FINANCIAL INSTRUMENTS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>1,314,496</u>	<u>1,394,952</u>	<u>480,000</u>	<u>460,000</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>5,994,552</u>	<u>6,814,424</u>	<u>882,346</u>	<u>961,889</u>

Financial assets measured at amortised cost comprise of trade and other debtors as well as items of accrued income included within prepayments.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals where a cash settlement will take place, bank loans and other loans.

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax	<u>67,365</u>	<u>117,367</u>	<u>16,428</u>	<u>16,428</u>
Group				
				Deferred tax
				£
Balance at 1 January 2017				117,367
Accelerated capital allowances				(50,002)
Balance at 31 December 2017				<u>67,365</u>
Company				
				Deferred tax
				£
Balance at 1 January 2017				16,428
Balance at 31 December 2017				<u>16,428</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2017	2016
			£	£
1,036	Ordinary	£1	<u>1,036</u>	<u>1,036</u>

23. RESERVES

Fair value reserve

This reserve records all current and prior period revaluations on fixed assets.

Retained earnings

This includes all current and prior period retained profit and losses less dividends.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

24. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions during the year totalled £17,952 (2016: £16,143).

25. CONTINGENT LIABILITIES

HSBC Bank Plc holds an unlimited multi lateral guarantee over the assets of White Dove Garages Limited, White Dove Motor Services Limited, White Dove Securities Limited, White Dove Contracts Limited and Basetheme Limited. At the year end the contingent liability was £NIL (2016: £283,903).

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

At the reporting date an amount in the sum of £15,680 (2016: £310,000 was due from), was due to the group from the directors.

Interest was charged at 2% over Bank of England base rate and 4% flat respectively on £100,000 and £150,000 of the loan from M R Francis in the prior year. The loans are repayable on demand.

During the period dividends in the sum of £24,000 (2016: £60,000) were paid to the directors.

27. RELATED PARTY DISCLOSURES

White Dove Trading Limited

During the year under review the following transactions and balances subsisted with the group in respect of the above named company:-

	2017 £	2016 £
Balances:		
Loan creditor	<u>19,546</u>	<u>19,546</u>

Basetheme Limited

During the year under review the following transactions and balances subsisted with the group in respect of the above named company:-

	2017 £	2016 £
Balances:		
Loan debtor	<u>460,000</u>	<u>460,000</u>

All transactions were conducted on an arms' length basis on the normal trading terms of the companies involved. Loan balances are interest free and repayable on demand.

R J Hughes and M R Francis are directors of White Dove Trading Limited.

R J Hughes is a director of Basetheme Limited.

Compensation paid to key management during the year amounted to £62,793 (2016: £60,778).

28. ULTIMATE CONTROLLING PARTY

The ultimate controlling party during the year under review and the preceding year was R J Hughes by virtue of holding 75% of the issued ordinary share capital of the parent company.