

REGISTERED NUMBER: 02068210 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**  
**FOR**  
**KIRBY JONES LIMITED T/A W R DAVIES**

D.R.E. & Co. (Audit) Limited  
Chartered Accountants & Statutory Auditors  
6 Claremont Buildings  
Claremont Bank  
Shrewsbury  
Shropshire  
SY1 1RJ

SATURDAY



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06/07/2019  
COMPANIES HOUSE

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**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**KIRBY JONES LIMITED T/A W R DAVIES**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**DIRECTORS:**

J R Davies  
B R Pritchard  
N D Sullivan  
C J D Taylor

**SECRETARY:**

B R Pritchard

**REGISTERED OFFICE:**

Conwy Road  
Llandudno Junction  
Gwynedd  
LL31 9BA

**REGISTERED NUMBER:**

02068210 (England and Wales)

**AUDITORS:**

D.R.E. & Co. (Audit) Limited  
Chartered Accountants & Statutory Auditors  
6 Claremont Buildings  
Claremont Bank  
Shrewsbury  
Shropshire  
SY1 1RJ

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

**REVIEW OF BUSINESS**

The W R Davies Motor group operates car and commercial dealerships throughout North Wales and the Staffordshire areas. Kirby Jones Limited is a 100% subsidiary of W R Davies (Motors) Limited, the parent company of the group.

The company currently operates three Ford dealerships in Llangefni, Llandudno Junction and Rhyl, as well as a Renault and Dacia dealership in Llandudno Junction.

2018 has proved to have been a good year. Overall sales for the company have increased by 7.81% and profit before tax has increased by 1.41% compared with 2017.

The pattern of ever increasing manufacturer sales targets have put increased pressures on the group to register even greater numbers of new vehicles which has unfortunately held profit back from where it might have been. However, the directors are pleased at the overall level of profitability in 2018.

The directors are hopeful that 2019 will again see a strong performance from the company and will hopefully show profit improvements.

**Key performance indicators**

	<b>2018</b>	<b>2017</b>	<b>% change</b>
Turnover	£58,610,418	£54,365,291	7.81%
Gross profit	£2,856,494	£2,637,080	8.32%
Shareholders' funds	£4,228,689	£4,255,765	(0.64%)
Gross margin	4.87%	4.85%	

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**General economic circumstances**

The motor trade, by its very nature, is a high fixed cost and low margin sector to operate in. Therefore an economic downturn could affect adversely the company's profitability. Furthermore, the Bank of England's loose policy with regards to interest rates could come to an end which could potentially significantly increase the company's interest bill.

**Information systems**

The company operates and is very reliant on its IT and computerised management systems. The interruption of this could have an adverse affect on the company's ability to manage its business.

**Competition**

Motor distribution is a very competitive sector, and as such the business is always at risk from aggressive competitors. The group believes that its superior customer service will help mitigate this risk.

**Franchise agreements**

The company holds franchises with Ford, Renault and Dacia. All of these agreements are subject to termination under certain circumstances. The loss of any of the franchises held could have a material effect on the business.

**Regulatory compliance**

The company is regulated by the FCA for sales of insurance products. In 2013 the FCA also took over responsibility for sale of consumer credit. The Group has to therefore comply with the regulatory regime and failure to do this could result in fines or even the cessation of some business. This risk is mitigated by the company through close monitoring of regulatory compliance.

**ON BEHALF OF THE BOARD:**



J R Davies - Director

25 June 2019

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a motor retailer.

**DIVIDENDS**

An interim dividend of £1.60 per share was paid on 31 December 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2018 will be £800,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

J R Davies  
B R Pritchard  
N D Sullivan

Other changes in directors holding office are as follows:

C J D Taylor - appointed 1 December 2018

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen, in accordance with s414C(11) of the Companies Act, to set out in the company's strategic report information regarding the review of business and a description of the principal risks and uncertainties facing the company.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the company 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;
- state whether applicable 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 company will continue in business.

The directors are 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 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 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 company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**KIRBY JONES LIMITED T/A W R DAVIES (REGISTERED NUMBER: 02068210)**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**AUDITORS**

The auditors, D.R.E. & Co. (Audit) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'J R Davies', is written over the printed name below.

J R Davies, Director

25 June 2019

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
KIRBY JONES LIMITED T/A W R DAVIES**

**Opinion**

We have audited the financial statements of Kirby Jones Limited T/A W R Davies (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and 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 company's affairs as at 31 December 2018 and of its 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 company 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 company'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 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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Opinions 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 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 Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
KIRBY JONES LIMITED T/A W R DAVIES**

**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 material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 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](http://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.



Aled Davies F.C.C.A. (Senior Statutory Auditor)  
for and on behalf of D.R.E. & Co. (Audit) Limited  
Chartered Accountants & Statutory Auditors  
6 Claremont Buildings  
Claremont Bank  
Shrewsbury  
Shropshire  
SY1 1RJ

25 June 2019

**KIRBY JONES LIMITED T/A W R DAVIES (REGISTERED NUMBER: 02068210)**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	31.12.18 £	31.12.17 £
<b>TURNOVER</b>	4	58,610,418	54,365,291
Cost of sales		(55,753,924)	(51,728,211)
<b>GROSS PROFIT</b>		2,856,494	2,637,080
Administrative expenses		(1,717,230)	(1,507,972)
		1,139,264	1,129,108
Other operating income		59,933	66,959
<b>OPERATING PROFIT</b>	6	1,199,197	1,196,067
Interest receivable and similar income		40	6
		1,199,237	1,196,073
Interest payable and similar expenses	7	(281,258)	(290,884)
<b>PROFIT BEFORE TAXATION</b>		917,979	905,189
Tax on profit	8	(59,280)	(47,856)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		858,699	857,333

The notes form part of these financial statements

**KIRBY JONES LIMITED T/A W R DAVIES (REGISTERED NUMBER: 02068210)**

**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	31.12.18 £	31.12.17 £
<b>PROFIT FOR THE YEAR</b>		858,699	857,333
<b>OTHER COMPREHENSIVE INCOME</b>			
Property revaluation		(85,775)	-
Income tax relating to other comprehensive income		-	-
		<u>          </u>	<u>          </u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>(85,775)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>772,924</u></u>	<u><u>857,333</u></u>

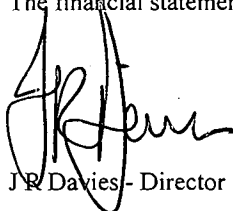
The notes form part of these financial statements

**KIRBY JONES LIMITED T/A W R DAVIES (REGISTERED NUMBER: 02068210)**

**BALANCE SHEET**  
**31 DECEMBER 2018**

	Notes	31.12.18		31.12.17	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10		3,101,876		3,249,351
Investment property	11		800,000		800,000
			<u>3,901,876</u>		<u>4,049,351</u>
<b>CURRENT ASSETS</b>					
Stocks	12	12,128,197		12,699,143	
Debtors	13	2,077,460		2,560,769	
Cash at bank		677,515		272,095	
		<u>14,883,172</u>		<u>15,532,007</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	14,398,096		15,186,815	
<b>NET CURRENT ASSETS</b>			<u>485,076</u>		<u>345,192</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,386,952</u>		<u>4,394,543</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(69,858)		(45,684)
<b>PROVISIONS FOR LIABILITIES</b>	19		(88,405)		(93,094)
<b>NET ASSETS</b>			<u>4,228,689</u>		<u>4,255,765</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		500,002		500,002
Revaluation reserve	21		1,229,679		1,101,883
Retained earnings	21		2,499,008		2,653,880
<b>SHAREHOLDERS' FUNDS</b>			<u>4,228,689</u>		<u>4,255,765</u>

The financial statements were approved by the Board of Directors on 25 June 2019 and were signed on its behalf by:

  
J R Davies - Director

The notes form part of these financial statements

**KIRBY JONES LIMITED T/A W R DAVIES (REGISTERED NUMBER: 02068210)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1 January 2017</b>	500,002	1,796,547	1,101,883	3,398,432
<b>Changes in equity</b>				
Total comprehensive income	-	857,333	-	857,333
<b>Balance at 31 December 2017</b>	<u>500,002</u>	<u>2,653,880</u>	<u>1,101,883</u>	<u>4,255,765</u>
<b>Changes in equity</b>				
Dividends	-	(800,000)	-	(800,000)
Total comprehensive income	-	645,128	127,796	772,924
<b>Balance at 31 December 2018</b>	<u><u>500,002</u></u>	<u><u>2,499,008</u></u>	<u><u>1,229,679</u></u>	<u><u>4,228,689</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. STATUTORY INFORMATION**

Kirby Jones Limited T/A W R Davies is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. STATEMENT OF COMPLIANCE**

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.

**3. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

These financial statements are for the individual entity only.

The company has chosen to early adopt the provisions of FRS 102 (March 2018).

The financial statements are presented in Sterling (£), rounded to the nearest £1.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates 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 addressed below.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of fixed assets and note 3 for the useful economic lives for each class of asset.

The company makes an estimate of the fair value of investment property. When assessing fair value of property, management considers factors including the conditions of the property, any future plans for the property and independent advice as to the current value of properties owned by the company. See note 11 for the net carrying amount of investment properties.

The company is a motor vehicle retailer. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of vehicles. See note 12 for the net carrying amount of stock.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of debtors.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

Vehicle sales are recognised at the earlier of the delivery of the vehicle to the customer or the point at which the customer becomes legally committed to purchasing the vehicle. Bonus income for the sale of vehicles is recognised in the period to which it relates for general fleet bonuses. Bonus income relating to specific vehicles is recognised when that vehicle is sold. The sale of parts and servicing is recognised when goods and services are provided.

**Tangible fixed assets**

Freehold land and property are stated under the valuation method. This represents a change in accounting policy but the effect on the financial statements is immaterial.

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter:

Freehold land	- not provided
Freehold property	- 2% straight line
Plant & machinery	- 15%, 25% and 50% straight line
Fixtures & fittings	- 15% straight line
Motor vehicles	- 15% and 25% straight line

**Investment property**

Investment property is shown at fair value. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. ACCOUNTING POLICIES - continued**

**Stocks**

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

Consignment stocks are recognised in the balance sheet by the company as it considers that it enjoys the benefits and rewards along with the risks of ownership. The corresponding liability is recorded in liabilities due within one year.

**Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables and bank and other loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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 balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**4. TURNOVER**

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

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

	31.12.18	31.12.17
	£	£
Sale of goods	55,957,184	51,662,746
Rendering of services	2,653,234	2,702,545
	<u>58,610,418</u>	<u>54,365,291</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**5. EMPLOYEES AND DIRECTORS**

	31.12.18	31.12.17
	£	£
Wages and salaries	2,137,402	1,794,736
Social security costs	253,903	252,362
Other pension costs	57,134	41,862
	<u>2,448,439</u>	<u>2,088,960</u>

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

	31.12.18	31.12.17
Directors	1	1
Other direct and indirect staff	118	108
	<u>119</u>	<u>109</u>

	31.12.18	31.12.17
	£	£
Directors' remuneration	98,957	105,051
Directors' pension contributions to money purchase schemes	2,654	2,562
	<u>2,654</u>	<u>2,562</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

**6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.12.18	31.12.17
	£	£
Hire of plant and machinery	6,591	5,856
Depreciation - owned assets	143,388	104,749
Depreciation - assets on hire purchase contracts	1,089	-
Profit on disposal of fixed assets	-	(3,683)
Auditors' remuneration	18,000	23,921
Auditors' remuneration for non audit work	5,770	720
Operating lease - land & buildings	40,000	40,000
Income from operating leases	<u>(25,833)</u>	<u>(25,000)</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.18	31.12.17
	£	£
Stocking loan interest	209,258	218,884
Other interest	-	5,000
Interest paid to group	72,000	67,000
	<u>281,258</u>	<u>290,884</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**8. TAXATION**

**Analysis of the tax charge**

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

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	54,175	37,442
Adjustment in respect of prior year	9,794	-
	<u>63,969</u>	<u>37,442</u>
Total current tax		
Deferred tax	(4,689)	10,414
	<u>59,280</u>	<u>47,856</u>
Tax on profit		

**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:

	31.12.18	31.12.17
	£	£
Profit before tax	<u>917,979</u>	<u>905,189</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	174,416	171,986
Effects of:		
Expenses not deductible for tax purposes	1,200	(997)
Capital allowances in excess of depreciation	-	(5,396)
Depreciation in excess of capital allowances	11,998	-
Adjustments to tax charge in respect of previous periods	9,794	-
Group relief surrendered by group companies	(133,439)	(128,629)
Deferred tax	(4,689)	10,414
Effect of change in tax rate	-	478
	<u>59,280</u>	<u>47,856</u>
Total tax charge		

**Tax effects relating to effects of other comprehensive income**

	Gross	31.12.18	Net
	£	Tax	£
	£	£	£
Property revaluation	<u>(85,775)</u>	<u>-</u>	<u>(85,775)</u>

**9. DIVIDENDS**

	31.12.18	31.12.17
	£	£
Ordinary shares of £1 each		
Interim	<u>800,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Short leasehold £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1 January 2018	3,077,686	117,031	613,664
Additions	-	-	16,302
Disposals	-	-	(11,900)
Revaluations	(104,769)	-	-
At 31 December 2018	<u>2,972,917</u>	<u>117,031</u>	<u>618,066</u>
<b>DEPRECIATION</b>			
At 1 January 2018	179,606	44,907	424,449
Charge for year	48,956	2,285	63,594
Eliminated on disposal	-	-	(11,900)
Revaluation adjustments	(18,994)	-	-
At 31 December 2018	<u>209,568</u>	<u>47,192</u>	<u>476,143</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>2,763,349</u>	<u>69,839</u>	<u>141,923</u>
At 31 December 2017	<u>2,898,080</u>	<u>72,124</u>	<u>189,215</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2018	183,610	37,741	4,029,732
Additions	48,046	18,429	82,777
Disposals	-	-	(11,900)
Revaluations	-	-	(104,769)
At 31 December 2018	<u>231,656</u>	<u>56,170</u>	<u>3,995,840</u>
<b>DEPRECIATION</b>			
At 1 January 2018	93,678	37,741	780,381
Charge for year	23,676	5,966	144,477
Eliminated on disposal	-	-	(11,900)
Revaluation adjustments	-	-	(18,994)
At 31 December 2018	<u>117,354</u>	<u>43,707</u>	<u>893,964</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>114,302</u>	<u>12,463</u>	<u>3,101,876</u>
At 31 December 2017	<u>89,932</u>	<u>-</u>	<u>3,249,351</u>

Tangible fixed assets with a carrying value of £2,278,962 (2017: £2,325,863) are pledged as security for the group's bank loans.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31 December 2018 is represented by:

	Freehold land and buildings £	Short leasehold £	Plant and machinery £
Valuation in 2018	(104,769)	-	-
Cost	3,077,686	117,031	618,066
	<u>2,972,917</u>	<u>117,031</u>	<u>618,066</u>
	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
Valuation in 2018	-	-	(104,769)
Cost	231,656	56,170	4,100,609
	<u>231,656</u>	<u>56,170</u>	<u>3,995,840</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

Cost	2,004,053
Aggregate depreciation	470,384
Value of land in freehold land and buildings	510,382

The value of land and buildings is based on valuations performed by James R Evans MRICS.

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

	<b>Fixtures and fittings £</b>
<b>COST OR VALUATION</b>	
Additions	<u>29,045</u>
At 31 December 2018	<u>29,045</u>
<b>DEPRECIATION</b>	
Charge for year	<u>1,089</u>
At 31 December 2018	<u>1,089</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u><u>27,956</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. INVESTMENT PROPERTY**

	Total £
<b>FAIR VALUE</b>	
At 1 January 2018 and 31 December 2018	<u>800,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>800,000</u>
At 31 December 2017	<u>800,000</u>

Investment property with a value of £800,000 (2017: £800,000) is pledged as security for the group's bank loans.

The fair value of investment property is based on a valuation performed by James R Evans MRICS.

**12. STOCKS**

	31.12.18 £	31.12.17 £
Vehicles, parts and sundry stock	<u>12,128,197</u>	<u>12,699,143</u>

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.18 £	31.12.17 £
Trade debtors	878,529	1,221,624
Amounts owed by group undertakings	832,108	942,629
Other debtors	256,397	302,669
Prepayments and accrued income	110,426	93,847
	<u>2,077,460</u>	<u>2,560,769</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.18 £	31.12.17 £
Bank loans and overdrafts (see note 16)	12,748	12,749
Hire purchase contracts (see note 17)	19,363	-
Trade creditors	10,044,041	10,858,893
Corporation tax	53,253	32,442
Social security and other taxes	73,246	56,017
VAT	1,637,995	1,428,800
Other creditors	2,326,849	2,708,019
Accruals and deferred income	230,601	89,895
	<u>14,398,096</u>	<u>15,186,815</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.18 £	31.12.17 £
Bank loans (see note 16)	32,936	45,684
Hire purchase contracts (see note 17)	36,922	-
	<u>69,858</u>	<u>45,684</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. LOANS**

An analysis of the maturity of loans is given below:

	31.12.18	31.12.17
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>12,748</u>	<u>12,749</u>
Amounts falling due between one and two years:		
Bank loans	<u>12,749</u>	<u>12,749</u>
Amounts falling due between two and five years:		
Bank loans	<u>20,187</u>	<u>32,935</u>

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.18	31.12.17
	£	£
Net obligations repayable:		
Within one year	19,363	-
Between one and five years	<u>36,922</u>	-
	<u>56,285</u>	-
	Non-cancellable operating leases	
	31.12.18	31.12.17
	£	£
Within one year	40,000	40,000
Between one and five years	160,000	160,000
In more than five years	<u>203,333</u>	<u>243,333</u>
	<u>403,333</u>	<u>443,333</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	31.12.18	31.12.17
	£	£
Bank loans	45,684	58,433
Hire purchase contracts	56,285	-
Consigned vehicle stocks	9,167,289	8,941,184
Other creditors	2,211,400	2,533,243
	<u>11,480,658</u>	<u>11,532,860</u>

The overdraft facility is secured by a debenture dated 3 September 2015 to Lloyds Bank Plc. The overdraft is also secured by an unlimited Inter Company Guarantee dated 3 September 2015 with the following group companies: W R Davies (Trading) Limited, W R Davies (2004) Limited, W R Davies (Stafford) Limited, W R Davies Limited and W R Davies (Motors) Limited.

An unlimited multilateral guarantee exists in respect of bank borrowings - further details are given in the contingent liabilities note.

The bank holds a fixed 1st legal charge over the premises at Llandudno Junction and Llangefni dated 3 September 2015.

Hire purchase liabilities are secured upon the assets to which they relate.

Trade creditors relating to consigned vehicle stocks are secured on the individual vehicle stocks to which they relate.

Included within other creditors is the amount of £2,211,400 due to Lombard North Central Plc in respect of vehicle stocking loans (2017: £2,533,243). Outstanding amounts are secured over the vehicle stock to which they relate.

**19. PROVISIONS FOR LIABILITIES**

	31.12.18	31.12.17
	£	£
Deferred tax		
Accelerated capital allowances	50,938	55,627
Deferred tax on rollover relief	37,467	37,467
	<u>88,405</u>	<u>93,094</u>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 January 2018		93,094
Provided during year		<u>(4,689)</u>
Balance at 31 December 2018		<u><u>88,405</u></u>



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.12.18	31.12.17
Number:	Class:	Nominal value:	£	£
500,002	Ordinary	£1	<u>500,002</u>	<u>500,002</u>

Each ordinary share is entitled to one vote in any circumstances.

**21. RESERVES**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2018	2,653,880	1,101,883	3,755,763
Profit for the year	858,699	-	858,699
Dividends	(800,000)	-	(800,000)
Revaluation of property	-	(85,775)	(85,775)
Transfer of reserves	(213,571)	213,571	-
At 31 December 2018	<u>2,499,008</u>	<u>1,229,679</u>	<u>3,728,687</u>

Called-up share capital represents the nominal value of shares that have been issued.

Revaluation reserve represents the amount by which fixed assets exceed carrying value. The transfer of reserves in 2018 has been made to correct historic differences in relation to the revaluation of properties in 1999 and on transition to FRS 102 in 2015.

Retained earnings includes all current and prior period retained profits and losses as well as non distributable reserves totalling £168,742 (2017: £401,882)

**22. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. There were unpaid contributions of £22,391 at 31 December 2018 (2017: £11,677) which are included within accruals and deferred income.

**23. ULTIMATE PARENT COMPANY**

The ultimate parent company is W R Davies (Motors) Limited, a company registered in England and Wales, for which group accounts are drawn up which include Kirby Jones Limited.

Group accounts are freely available from Companies House.

The address of its registered office is Conwy Road, Llandudno Junction, Gwynedd, LL31 9BA.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**24. CONTINGENT LIABILITIES**

The company has an unlimited Inter Company guarantee in respect of bank borrowings with the following group companies: W R Davies (Motors) Limited, W R Davies Limited, W R Davies (Stafford) Limited, W R Davies (Trading) Limited, and W R Davies (2004) Limited. At 31 December 2018 the potential contingent liability for Kirby Jones Limited amounted to £4,058,585 (2017: £5,491,664).

During a prior year the Group Companies entered into a Vehicle Stocking Loan Facility with Lombard North Central Plc. The cross guarantors within this agreement are W R Davies (Motors) Limited, W R Davies Limited, W R Davies (Stafford) Limited, Kirby Jones Limited, W R Davies (2004) Limited and W R Davies (Trading) Limited. As at the year end the contingent liability for Kirby Jones Limited amounted to £1,780,110 (2017: £1,698,953).

The total potential contingent liability for Kirby Jones Limited amounted to £5,838,695 (2017: £7,190,617).

**25. TRANSACTIONS WITH DIRECTORS**

The company's premises in Rhyl are owned by the W R Davies (Motors) Limited Pension Scheme. The pension scheme beneficiaries are some of the directors of Kirby Jones Limited.

The premises are leased to the company and during the year rent of £40,000 (2017: £40,000) was paid to the pension scheme.

**26. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**27. CONTROLLING PARTY**

The company is controlled by its parent undertaking, W R Davies (Motors) Limited. The ultimate controlling party is J R Davies Esq, a director of the company, by virtue of a controlling shareholding in W R Davies (Motors) Limited.

**28. OPERATING LEASE INCOME**

Minimum lease income receipts under non-cancellable operating leases fall as follows:

	31.12.18	31.12.17
	£	£
Within one year	30,000	20,833
Between one and five years	115,000	-
	<u>145,000</u>	<u>20,833</u>