

Company Registration No. 00653665

Imperial Commercials Ltd

Annual Report and Financial Statements

For the year ended 30 June 2015

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Imperial Commercials Ltd

Annual report and financial statements 2015

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Imperial Commercials Ltd

Annual report and financial statements 2015

Officers and professional advisers

Directors

PB Michaux
OS Arbee
IT Oakes
AB Welch
WF Minty

Company Secretary

AB Welch

Registered Office

Imperial House
14-15 High Street
High Wycombe
Buckinghamshire
HP11 2BE

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans
United Kingdom

Bankers

Barclays Bank PLC,
1 Churchill Place,
London,
E14 5HP

Imperial Commercials Ltd

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business and future prospects

The results for the year are as set out in the profit and loss account on page 9.

The company performed ahead of expectations in the year with the fall in truck registrations being more than compensated for by the increase in the van market size over the same period. Nationally, in the year to 30 June 2015, the number of truck registrations fell by 7.6% to 40,903 (2014: rose by 17.7% to 44,254) and, in the same year, the number of national van registrations rose by 20.2% to 352,556 (2014: rose by 16.0% to 293,428).

The company has a loan of £9.5m (2014: £9.5m) from its immediate parent IH Mobility Holdings (UK) Ltd. The directors of IH Mobility Holdings (UK) Ltd have confirmed that this loan will remain in place for the foreseeable future and for a period of at least 12 months from the date that the financial statements are signed.

The directors are pleased with the performance of the business over the last year. The 2015/16 accounting year has started well with vehicle sale volumes continuing to improve and are confident that the business will continue to be successful over the coming year.

Going concern

On the basis of current financial projections and facilities available, taking into account the current economic uncertainty, we have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company substantially finances operations through use of intercompany loan facilities as disclosed in note 18, and the directors are satisfied these facilities will continue to be made available. Thus the directors consider that it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

Key performance indicators and management of risk

Key performance indicators

Management will continue to focus on long established key performance indicators within the business namely turnover, gross margin, distribution costs and administration expenses. These measures can be found in the profit and loss account shown on page 9.

Strategic risks

We are reliant on our vehicle manufacturer partners to provide products of sufficient quality to maintain their market share. The business' views are represented by participation in dealer council meetings.

The business is exposed to changes in legislation that impact the markets in which it operates. The company monitors such changes and lobbies as appropriate.

Imperial Commercials Ltd

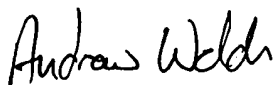
Strategic report (continued)

Financial risks

The company's activities do not expose it to significant financial market risks, including price risk, interest rate risk, liquidity risk and foreign exchange risk. The company also has no significant concentration of credit risks due to exposure being spread over a large number of customers.

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by periodic monitoring of these exposures posed by these financial market risks. The policies are set by the parent company and are monitored locally. There has been no change to either the risks or the management of those risks in the year.

On behalf of the Board



AB Welch
Director

Imperial House
14-15 High Street
High Wycombe
Buckinghamshire
HP11 2BE

23 March 2016

Imperial Commercials Ltd

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2015.

The directors have presented statements on future prospects and use of financial instruments in the strategic report.

Principal activity

The principal activity of the company throughout the year was the operation of commercial vehicle dealerships.

Directors

The directors who held office during the year and to the date of this report were as follows:

PB Michaux	
OS Arbee	
IT Oakes	
M Lawrenson	(appointed 8th January 2016)
D Lewis	(appointed 8th January 2016)
WF Minty	
AB Welch	
AG Haspell	(resigned 30 November 2014)

Dividend

No interim dividends were declared or paid during the year (2014: £nil) and the directors do not recommend the payment of a final dividend (2014: £nil).

Employee involvement

The company believes that to achieve excellent customer service its employees should be well informed about company plans and performance and have the opportunity to discuss their performance at least on an annual basis with their manager. Additionally, the company is committed to providing all its employees with information on a regular basis at their home or in the workplace in a range of different forms, from newsletters to company briefings.

The Champions of Quality programme recognises individuals or teams who have made a significant personal contribution to the quality of service provided to customers, or who have made a major change in operating methods which improves performance or service levels.

Employment of disabled persons

It is the company's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities.

Wherever possible the company will continue the employment of persons who become disabled during the course of their employment with the company through re-training, acquisition of special aids and equipment or the provision of suitable alternative employment.

Imperial Commercials Ltd

Directors' report (continued)

Auditor

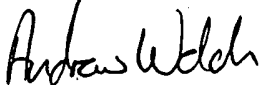
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP is deemed to be reappointed under s487(2) of the Companies Act 2006.

On behalf of the Board



AB Welch
Director

Imperial House
14-15 High Street
High Wycombe
Buckinghamshire
HP11 2BE

23 March 2016

Imperial Commercials Ltd

Statement of directors responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 101: Reduced Disclosure Framework. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Imperial Commercials Ltd

Independent auditor's report to the members of Imperial Commercials Ltd

We have audited the financial statements of Imperial Commercials Ltd for the year ended 30 June 2015 which comprise the profit and loss account, the Statement of changes in capital and reserves, the balance sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

Imperial Commercials Ltd

- 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.

Deloitte LLP

Julian Rae (Senior Statutory Auditor)

For and behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

St Albans, United Kingdom

23 March 2016

Imperial Commercials Ltd

Profit and loss account For the year ended 30 June 2015

	Notes	2015 £'000	2014 £'000
Turnover	4	262,661	224,674
Cost of sales		(217,802)	(182,802)
Gross profit		44,859	41,872
Distribution costs		(24,825)	(23,568)
Administration expenses		(14,808)	(14,241)
Operating profit		5,226	4,063
Interest payable and similar charges	5	(553)	(470)
Profit on ordinary activities before tax	6	4,673	3,593
Tax on profit on ordinary activities	9	(980)	(1,059)
Profit for the financial year	21	3,693	2,534

All amounts relate to continuing operations.

There have been no recognised gains and losses in either the current or preceding financial years other than those shown above.

Imperial Commercials Ltd

Statement of changes in capital and reserves For the year ended 30 June 2015

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
At 30 June 2013	560	554	6,683	7,797
Profit for the year	-	-	2,534	2,534
At 30 June 2014	560	554	9,217	10,331
Profit for the year	-	-	3,693	3,693
At 30 June 2015	560	554	12,910	14,024

Imperial Commercials Ltd

Balance sheet As at 30 June 2015

	Notes	30 June 2015 £'000	30 June 2014 £'000
Fixed assets			
Intangible assets	11	112	146
Tangible assets	12	5,846	5,553
		<u>5,958</u>	<u>5,699</u>
Current assets			
Stocks	13	56,504	43,082
Debtors	14	20,812	17,441
Cash and cash equivalents	16	9,771	8,069
		<u>87,087</u>	<u>68,592</u>
Creditors: amounts falling due within one year	17	<u>(69,278)</u>	<u>(54,269)</u>
Net current assets		<u>17,809</u>	<u>14,323</u>
Total assets less current liabilities		23,767	20,022
Creditors: amounts falling due after more than one year	18	(9,450)	(9,450)
Provisions for liabilities	19	(293)	(241)
Net assets		<u>14,024</u>	<u>10,331</u>
Capital and reserves			
Called up Share capital	20	560	560
Share premium account		554	554
Profit and loss account	21	12,910	9,217
Total shareholders' funds		<u>14,024</u>	<u>10,331</u>

The financial statements of Imperial Commercials Ltd, registered number 00653665, were approved and authorised for issue by the Board of Directors on 23 March 2016.

Signed on behalf of the Board of Directors

Andrew Welch

AB Welch
Director

Imperial Commercials Ltd

Notes to the financial statements For the year ended 30 June 2015

1. General information

Imperial Commercials Ltd is a company incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activity are set out in the strategic report and the directors' report on pages 2 to 5.

Accounting policies have been consistently applied in the current and previous financial year.

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 30 June 2013 the company underwent transition from reporting under IFRS adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition was not considered to have had a material effect on the financial statements.

As a consequence of adopting FRS 101: Reduced Disclosure Framework the presentation of the financial statements has been amended to comply with section 395 (1) (a) of the Companies Act 2006 and a cash flow statement, otherwise required by IAS 1 and IAS 7, has not been presented. In addition, as permitted by FRS 101: Reduced Disclosure Framework, advantage has been taken of the exemptions available not to disclose:

- The disclosure requirements of IFRS 7 Financial Investments: Disclosures;
- The effect of new IFRS's that are not yet effective and have not yet been adopted;
- Key management compensation;
- Related party transactions between the company and other members of the group;
- Comparative information for movements in tangible and intangible fixed assets;
- Certain disclosure requirements otherwise required by IFRS 3 relating to business combinations;
- Fair value measurement disclosures required by IFRS 13 paragraphs 91 and 99.

The financial statements have been prepared under the historical cost basis of accounting and in accordance with FRS 101: Reduced Disclosure Framework and with the Companies Act 2006. FRS 101: Reduced Disclosure Framework has been early adopted as permitted by paragraph 1 of that standard.

The ultimate parent company into which this company's financial statements are consolidated is Imperial Holdings Limited. Copies of the consolidated financial statements can be obtained from Imperial Holdings Limited, PO Box 3013, Edenvale, Johannesburg, 1610, South Africa.

Going concern

On the basis of current financial projections and facilities available, taking into account the current economic uncertainty, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company substantially finances operations through use of intercompany loan facilities as disclosed in note 18, and the directors are satisfied these facilities will continue to be made available. Thus the directors consider that it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

Functional and presentational currency

The financial statements are presented in pounds Sterling because that is the functional currency of the economic environment in which the company operates.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

2. Significant accounting policies

International Financial Reporting Standards adopted for the first time in 2015

Where relevant, the company has adopted the following IFRS statements for the first time this year:

- Amendments to IAS 32 for offsetting financial assets and liabilities.
- Amendments to IAS 36 for recoverable amount disclosures for non-financial assets.
- Amendments to IAS 39 for continuing hedge accounting after derivative novations.
- Annual improvements to IFRS's effective for accounting periods commencing on or after 1 January 2014.

The adoption of the above standards has had a minimal impact on the current year financial statements. There have been no changes to the prior year comparative figures as a result of adoption of the new standards.

Business combinations and goodwill

The acquisition of businesses, whether by asset or share purchases, are accounted for using the acquisition method. The assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 - Business Combinations - are recognised at their fair value at their acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - which are recognised and measured at fair value less costs to sell. Any excess of the cost over the asset valuation as calculated above is recognised as goodwill.

Goodwill is recognised as an asset and is not amortised. It is reviewed for impairment as detailed in "impairment of non-financial assets" below.

Intangible fixed assets

Intangible fixed assets are stated at purchase cost less accumulated amortisation and impairment losses. Amortisation is provided on a reducing balance basis using rates calculated at the time of acquisition to write down the cost of each asset to its estimated residual value. Full amortisation takes place within 10 years of acquisition. Annual reviews are made of estimated useful lives and material residual values and additional impairment provisions are created as required.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

2. Significant accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at purchase cost including directly attributable costs. The company does not have a revaluation policy. Freehold land is not depreciated. Depreciation of other tangible fixed assets is provided on a straight line basis using rates calculated to write down the cost of each asset to its estimated residual value over its estimated useful life as follows:

Property:	
Leasehold Improvements	2% to 50%
Owned buildings and long leasehold property	1% to 2%
Plant and equipment:	
Motor vehicles	10% to 50%
Plant and machinery	5% to 50%
Fixtures, fittings, tools and equipment	5% to 50%
Computer equipment	10% to 50%

Annual reviews are made of estimated useful lives and material residual values.

The gain or loss arising on the disposal of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Leased assets

Lessor accounting

The company does not hold any assets for hire under finance or operating leases.

Lessee accounting

Property leases are split into two elements, land and buildings and each considered in isolation. The land element is always classified as an operating lease and the building element is reviewed to determine if it is operating or finance in nature.

Initial rental payments in respect of operating leases are prepaid and amortised to profit and loss account over the period of the lease. On-going rental payments are charged as an expense in the profit and loss account on a straight line basis until the date of the next rent review. Finance leases are capitalised and depreciated in accordance with the accounting policy for property.

Immaterial peppercorn rentals and ground rents in respect of all properties are expensed to the profit and loss account on an accruals basis.

Rental costs arising from plant and machinery operating leases are charged as an expense in the profit and loss account on a straight line basis over the period of the lease.

The company does not have any items of plant and equipment financed by finance leases or similar hire purchase agreements.

Assets held for sale

Assets and disposal groups are reclassified as assets held for sale if their carrying value will be recovered through a sale transaction which is highly probable to be completed within 12 months of the initial classification. Assets held for sale are valued at the lower of carrying amount at the date of initial classification and fair value less costs to sell.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

2. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill is tested annually for impairment or more frequently if there are any changes in circumstances or events that indicate that a potential impairment may exist. Goodwill impairments are not reversed.

Tangible fixed assets are reviewed for indications of impairment when events or changes in circumstances indicate that the carrying amount may not be recovered. If there are indications then a test is performed on the asset affected to assess its recoverable amount against carrying value.

An asset impaired is written down to the higher of value in use or its fair value less costs to sell.

Current and deferred taxation

The current tax charge is based on the taxable profit or loss for the period and takes into account both permanent disallowable items and deferred taxation because of differences between the treatment of certain items for taxation and for accounting purposes.

Deferred tax arises due to differences between the accounts carrying value and the corresponding tax bases used in the computation of taxable profit. Full provision, calculated using the balance sheet liability method, is made for the tax effects of these differences except that deferred tax is not recognised if the temporary timing difference arises from the initial recognition of goodwill.

Deferred tax is provided using tax rates that have been enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to ensure that it is probable that sufficient taxable profits will be available to allow the asset to be recovered.

Assets and liabilities, in respect of both deferred and current tax, are only offset when there is a legally enforceable right to offset and the assets and liabilities relate to taxes levied by the same taxation authority.

Deferred and current tax are charged or credited in the profit and loss account except when they relate to items charged directly to reserves in which case the associated tax is also dealt with in reserves.

Stock

Stock is valued at the lower of cost of purchase and net realisable value. Cost comprises actual purchase price. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow moving or defective items where appropriate using a time in stock based formula approach.

Vehicles held under manufacturer stock funding arrangements are brought onto the balance sheet at the point that the vehicles have been added to the relevant manufacturer stocking plan as that is the point at which the substantial risks and rewards of ownership are transferred to the business.

Imperial Commercial Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The company de-recognises financial liabilities only when the company's obligations are discharged, cancelled or they expire.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other debtors

Trade and other debtors are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Allowances for irrecoverable amounts, which are dealt with in the profit and loss account, are calculated based on the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand, cash-at-bank and short term highly liquid investments that are readily convertible into known amounts of cash within three months from the date of initial acquisition with an insignificant risk of a change in value.

Trade and other creditors

Trade and other creditors are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Interest charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

Imperial Commercial Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2015

2. Significant accounting policies (continued)

Provisions for liabilities

Provisions for liabilities are created where the company has a present obligation (legal or constructive) as a result of a past event where it is probable that the company will be required to settle that obligation. Provisions for liabilities are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions for liabilities are only discounted to present value where the effect is material.

Retirement benefit costs

Defined contribution schemes

Employer's contributions are charged to the profit and loss account on an accruals basis.

Net debt

Net debt is defined as cash and cash equivalents, bank and other intercompany loans and derivative financial instruments stated at current fair value.

Turnover

Turnover represents the fair value of the consideration received and receivable for the distribution and repair of commercial vehicles, after deducting trade discounts, during the financial year. Turnover excludes Value Added Tax.

Income generated from the sale of commercial vehicles and spare parts is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer. Income generated from the provision of service facilities is recognised in the profit and loss account on the date the service is provided. Bonus income from the manufacturer is recognised on an accruals basis when receipt is probable.

An element of turnover is deferred to the extent that it relates to future maintenance contracts and is recognised in accordance with the expected profile of anticipated future costs. Maintenance costs are written off when incurred, or provided for when future costs are forecast to exceed future turnover.

Interest income

Interest income from bank deposit accounts is accrued on a time basis calculated by reference to the principal on deposit and the effective interest rate applicable.

Interest payable

Interest payable is recognised in the profit and loss account on an accruals basis in the period in which it is incurred.

Operating profit

Operating profit is defined as the profit for the year from continuing operations after all operating costs and income but before investment income, interest receivable, interest payable and taxation.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

3. Use of critical accounting assumptions and estimates

Estimates and judgements are continually evaluated and assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable given the circumstances prevailing when the financial statements are approved. Parts stock provisioning is based on a time in stock based formula approach as management consider age to be a reliable indicator of the valuation of these assets.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However the directors consider that there is not a significant risk of a material adjustment arising to the carrying value of the company's assets and liabilities as a result of the use of these estimates and assumptions.

4. Turnover

The turnover arises from the two classes of business. Sale of goods includes parts and vehicle sales. Sales of services represent the sale of labour.

	2015 £'000	2014 £'000
Sales of goods	220,391	186,199
Sales of services	42,270	38,475
	<u>262,661</u>	<u>224,674</u>

Turnover from continuing operations is generated wholly in the UK.

5. Interest payable and similar charges

	2015 £'000	2014 £'000
Interest charge on bank loans and overdrafts	4	2
Interest charge on manufacturer floor plan creditor	354	273
Intercompany interest charges	195	195
	<u>553</u>	<u>470</u>

6. Profit on ordinary activities before tax

Profit on ordinary activities before tax for the year has been stated at after charging/(crediting):

	2015 £'000	2014 £'000
Cost of stock recognised as an expense	208,884	173,573
Charge for stock net realisable value provisions	667	367
Rent receivable	(253)	(227)
Intangible asset impairment and amortisation charges (note 11)	44	153
Depreciation of property, plant and equipment – Owned (note 12)	1,430	1,398
Profit on sale of plant and equipment	(7)	(25)
Operating lease rental payments:		
Property lease rental payments	2,056	1,839
Plant and machinery lease rental payments	560	608
Auditor's remuneration (see note 7)	85	74
Staff costs (see note 8)	<u>33,900</u>	<u>31,565</u>

Imperial Commercial Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

7. Auditor's remuneration

A more detailed analysis of auditor's remuneration is as follows:

	2015 £'000	2014 £'000
Fees payable to the company's auditor in respect of audit services:		
The audit of the financial statements	85	74
Total audit fees	<u>85</u>	<u>74</u>

8. Employee information

	2015 No.	2014 No.
The average number of employees employed during the year was:		
Sales	75	66
Service and bodyshop	635	625
Parts	206	195
Administration	105	99
	<u>1,021</u>	<u>985</u>

Staff costs charged in the profit and loss account

	2015 £'000	2014 £'000
Staff costs, including directors' remuneration amounted to:		
Wages and salaries	29,156	27,602
Social security costs	2,866	2,348
Other pension costs – defined contribution and similar schemes	1,878	1,615
	<u>33,900</u>	<u>31,565</u>

Directors' emoluments

	2015 £'000	2014 £'000
Total directors' emoluments were as follows:		
Emoluments	546	529
Company contributions to a money purchase pension scheme	135	176
	<u>681</u>	<u>705</u>

No directors were either granted or exercised share options during the year.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

8. Employee information (continued)

The number of directors in office at the year end to whom retirement benefits are accruing in the defined contribution scheme are as follows:

	2015 No.	2014 No.
Defined contribution scheme	3	4

Details in respect of the highest paid director are as follows:

	2015 £'000	2014 £'000
Emoluments	255	226
Company contributions to a money purchase pension scheme	42	56
	297	282

9. Tax on profit on ordinary activities

The tax charge on profit on ordinary activities is as follows:

	2015 £'000	2014 £'000
Current tax		
UK Corporation tax and group relief at 20.75% (2014: 22.5%) based on the taxable profit for the year	931	858
Adjustments in respect of prior periods	(42)	44
	889	902
Deferred tax charge		
Deferred tax on the origination and reversal of temporary differences	102	221
Adjustments to deferred tax in respect of prior periods	(11)	(64)
	91	157
Total deferred tax asset (note 15)	91	157
Total tax charge for the financial period attributable to continuing operations	980	1,059

Imperial Commercial Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

9. Tax on profit on ordinary activities (continued)

The tax charge for the financial year can be reconciled to the profit before tax per the profit and loss account multiplied by the weighted average effective standard corporation tax rate in the UK of 20.75% (2014: 22.5%) as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation from continuing operations	4,673	3,593
Tax at the UK effective corporation tax rate of 20.75% (2014: 22.5%)	970	808
Effects of:		
Expenses not deductible for tax purposes	41	119
Loss on sale of ineligible assets and ineligible depreciation	23	23
Change in rate of corporation tax	-	129
Adjustments to tax charge in respect of previous periods	(53)	(20)
	<u>980</u>	<u>1,059</u>

Factors effecting future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions in the corporation tax rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were announced in the summer budget on 8 July 2015 and were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

The deferred tax balance as at 30 June 2015 has been calculated based on the rate of 20% which was substantively enacted at the balance sheet date.

10. Dividends

No dividends were declared or paid in either the current or previous financial year.

11. Intangible assets

	Website development £'000	Customer relationships and database £'000	Goodwill £'000	Total £'000
Cost				
As at 30 June 2014	-	726	1,118	1,844
Additions	10	-	-	10
As at 30 June 2015	<u>10</u>	<u>726</u>	<u>1,118</u>	<u>1,854</u>
Accumulated depreciation and impairment charges				
As at 1 July 2014	-	580	1,118	1,698
Amortisation and impairment charges	-	44	-	44
As at 30 June 2015	<u>-</u>	<u>624</u>	<u>1,118</u>	<u>1,742</u>
Carrying value				
As at 30 June 2015	<u>10</u>	<u>102</u>	<u>-</u>	<u>112</u>
As at 30 June 2014	<u>-</u>	<u>146</u>	<u>-</u>	<u>146</u>

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

11. Intangible assets (continued)

Customer relationships and databases are being amortised over their expected useful lives which is estimated to be three years.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU) that are expected to benefit from that goodwill. Before recognition of impairment losses, the cost of goodwill had been allocated as follows:

	30 June 2015 £'000	30 June 2014 £'000
Truck and Trailer Equipment (note 22)	106	106
Meo Commercials	100	100
Truck Services Grimsby	575	575
Hawarden Commercials	292	292
Joseph Rice Truck Services Gloucester	27	27
Bellshill	18	18
	<u>1,118</u>	<u>1,118</u>

Goodwill impairment tests are performed annually or more frequently if there are indications that the goodwill may be impaired. The goodwill in respect of all of the above acquisitions has been fully impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The CGUs do not include any other intangible assets. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market estimates of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts.

Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

The company prepares cash flow forecasts derived from the approved financial budgets for the year and extrapolates cash flows for the next five years based on an estimated growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the above CGUs is 8%.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

12. Tangible fixed assets

	Property £'000	Motor vehicles £'000	Plant and machinery £'000	Fixtures fittings, tools and equipment £'000	Computer equipment £'000	Total £'000
Cost						
As at 30 June 2014	3,278	2,356	5,945	2,341	2,055	15,975
External additions	267	368	770	369	32	1,806
External disposals	-	(487)	(75)	(27)	(10)	(599)
As at 30 June 2015	<u>3,545</u>	<u>2,237</u>	<u>6,640</u>	<u>2,683</u>	<u>2,077</u>	<u>17,182</u>
Accumulated depreciation						
As at 30 June 2014	828	1,685	4,662	1,619	1,628	10,422
Depreciation charge	122	411	524	173	200	1,430
External disposals	-	(412)	(75)	(19)	(10)	(516)
As at 30 June 2015	<u>950</u>	<u>1,684</u>	<u>5,111</u>	<u>1,773</u>	<u>1,818</u>	<u>11,336</u>
Carrying value						
As at 30 June 2015	<u>2,595</u>	<u>553</u>	<u>1,529</u>	<u>910</u>	<u>259</u>	<u>5,846</u>
As at 30 June 2014	<u>2,450</u>	<u>671</u>	<u>1,283</u>	<u>722</u>	<u>427</u>	<u>5,553</u>

At 30 June 2015 the company had entered into contractual commitments for the acquisition of property, plant and equipment of £176,000 (2014: £37,000).

External disposals represent items with no further useful life that have been disposed of as well as assets sold to third parties.

The carrying value of the company's property is as follows:

	30 June 2015 £'000	30 June 2014 £'000
Short leasehold improvements	<u>2,595</u>	<u>2,450</u>

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

13. Stocks

	30 June 2015 £'000	30 June 2014 £'000
Raw materials and consumables	2,385	1,521
Work in progress	1,019	833
Goods held for resale	53,100	40,728
	<u>56,504</u>	<u>43,082</u>

14. Debtors

	30 June 2015 £'000	30 June 2014 £'000
Amounts falling due within one year:		
Trade debtors	18,700	15,385
Amounts owed by group undertakings	23	12
Other debtors	33	62
Prepayments and accrued income	1,302	1,137
Deferred tax (note 15)	754	845
	<u>20,812</u>	<u>17,441</u>

15. Deferred tax asset

The deferred tax asset recognised by the company and the movements thereon during the current and previous year are as follows:

	Depreciation in excess of capital allowances £'000	Provisions and other short term timing differences £'000	Total £'000
Asset as at 1 July 2013 at 23%	791	211	1,002
Charge to profit and loss account (note 9)	(129)	(28)	(157)
Asset as at 30 June 2014 at 20% (note 14)	662	183	845
(Charge)/credit to profit and loss account (note 9)	(136)	45	(91)
Asset as at 30 June 2015 at 20% (note 14)	<u>526</u>	<u>228</u>	<u>754</u>

The company did not have any unused capital or trading losses at the end of either year. There was no unprovided deferred tax at either 30 June 2015 or 30 June 2014.

A deferred tax asset has been recognised as the directors consider that there will be sufficient taxable profits in the foreseeable future to ensure its recoverability.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

16. Cash and cash equivalents

	30 June 2015 £'000	30 June 2014 £'000
Cash at bank	9,759	8,057
Cash in hand	12	12
	<u>9,771</u>	<u>8,069</u>

17. Creditors: amounts falling due within one year

	30 June 2015 £'000	30 June 2014 £'000
Trade creditors	57,452	39,623
Amounts owed to group undertakings	-	3,186
Corporation tax and group relief	248	145
Other tax and social security	1,769	1,795
Other creditors	4,329	3,977
Accruals and deferred income	5,480	5,543
	<u>69,278</u>	<u>54,269</u>

18. Creditors: amounts falling due after more than one year

	30 June 2015 £'000	30 June 2014 £'000
Amounts due to group undertakings represent intercompany borrowings which are repayable as follows:		
Unsecured parent company loans due in more than one but less than five years (IH Mobility Holdings (UK) Limited)	<u>9,450</u>	<u>9,450</u>

IH Mobility Holdings (UK) Limited has agreed to subordinate a maximum amount of £5 million of the above debt in preference to amounts owed by this company to Paccar Financial Services Europe B.V. The amount actually subordinated is calculated in accordance with an agreed formula. As at 30 June 2015 the amount owed by this company included within trade creditors as disclosed in note 17, to Paccar Financial Services Europe B.V. was £32,269,000 (2014: £14,539,000) and the amount of debt subordinated was £5 million (2014: £5 million).

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

19. Provisions for liabilities

	Repair and maintenance provisions £'000	Dilapidation provisions £'000	Total £'000
As at 1 July 2013	97	346	443
Profit and loss account credit	(2)	(135)	(137)
Utilised	(65)	-	(65)
As at 30 June 2014	30	211	241
Profit and loss account charge	61	40	101
Utilised	(49)	-	(49)
As at 30 June 2015	42	251	293

The repair and maintenance provisions reflect onerous contractual obligations under such contracts.

The dilapidations provisions represent the anticipated costs of reinstating leasehold premises at the end of the lease agreements.

Provisions are expected to be utilised within the next five years.

20. Called up share capital

	30 June 2015 £'000	30 June 2014 £'000
Called up, allotted and fully paid 560,000 ordinary shares of £1 each	560	560

The company has one class of ordinary shares which carry no right to fixed income.

21. Reserves

	Profit and loss account 2015 £'000	2014 £'000
At beginning of year	9,217	6,683
Profit for the financial year	3,693	2,534
At end of year	12,910	9,217

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2015

22. Business acquisition

Last year, on 2 December 2013, the company acquired the trade and certain assets and liabilities of Truck and Trailer Equipment Limited (TTE) for a consideration of £484,000.

The net assets acquired and the consideration paid were as follows:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Intangible fixed assets	-	111	111
Tangible fixed assets	46	(14)	32
Stock	292	-	292
Creditors	(32)	-	(32)
Hire purchase liabilities	(22)	(3)	(25)
Net assets acquired	284	94	378
Goodwill on acquisition (note 11)			106
Consideration paid			484

There is no outstanding consideration or material contingencies related to this acquisition.

23. Contingent liabilities

The company has guaranteed the bank overdraft of its parent company, IH Mobility Holdings (UK) Limited. The amount outstanding at 30 June 2015 was £4,673,922 (2014: £6,894,311). As of 30 June 2015 IH Mobility Holdings (UK) Limited held deposits outside the bank pooling arrangement of £3,206,637 (2014: £6,811,400).

24. Operating lease arrangements

At the balance sheet date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Total		Property		Plant, machinery and equipment	
	30 June 2015 £'000	30 June 2014 £'000	30 June 2015 £'000	30 June 2014 £'000	30 June 2015 £'000	30 June 2014 £'000
Amounts payable under operating leases:						
Within one year	2,586	2,210	2,085	1,737	501	473
In the second to fifth years inclusive	4,151	3,260	3,446	2,802	705	458
After five years	5,804	4,871	5,804	4,871	-	-
	12,541	10,341	11,335	9,410	1,206	931

Imperial Commercials Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2015

24. Operating lease arrangements (continued)

Property lease payments represent rentals payable by the company for certain of its operating locations and offices. Leases are negotiated over various terms to suit the particular requirements at that time. Break clauses are included wherever appropriate and the above liability has been calculated from the balance sheet date to either the end of the lease or the first break clause, whichever is the earlier.

Plant, machinery and equipment leases represent short term leases for office, general equipment and company cars.

25. Related party transactions

Transactions with subsidiary companies

The company paid rental costs of £1,119,359 (2014: £1,006,836) to its immediate parent company IH Mobility Holdings (UK) Ltd.

Transactions with key management personnel

The company did not enter into any material transactions with any directors during either the current or preceding financial year.

26. Ultimate parent company

The company regarded by the directors as the ultimate parent and controlling party is Imperial Holdings Limited, which is incorporated in South Africa. It is also the parent company of the largest and smallest group for which group financial statements are prepared. The immediate parent company and immediate controlling entity is IH Mobility Holdings (UK) Limited.

Copies of the consolidated financial statements of Imperial Holdings Limited can be obtained from PO Box 3013, Edenvale, Johannesburg, 1610, South Africa.