

Company Registration No. 00653665

Imperial Commercials Ltd

Annual Report and Financial Statements

For the year ended 30 June 2017

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Imperial Commercials Ltd

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Imperial Commercials Ltd

Officers and professional advisers

Directors

OS Arbee
PB Michaux
RG Truscott
IT Oakes
AB Welch
D Lewis
M Lawrenson

Company Secretary

AB Welch

Registered Office

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

Auditor

Deloitte LLP
Statutory Auditor
St Albans
United Kingdom

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Imperial Commercials Ltd

Strategic report for the year ended 30 June 2017

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

Review of the business and future prospects

The company operates franchised Commercial Vehicle dealerships for a number of brands including DAF, MAN, Volkswagen, Ford, Fiat, Isuzu and Nissan in locations across the UK.

The results for the year are as set out in the profit and loss account on page 10.

The company performed ahead of expectations in the year. The directors are pleased with the performance of the business over that time. The vehicle sales area of the business performed strongly increasing the volume of HGV units sold in the year increased 0.7% to 2,203 units. In the same year the LCV unit sales increased by 18.3% to 3,085. The 2017/18 accounting year has started more slowly than expected with parts sales in particular being lower than budgeted.

The June 2016 Brexit referendum result has impacted business investment confidence which has in turn slowed vehicle sales performance into 2017/18. Most major commercial vehicle manufacturers are forecasting a year on year decline in both HGV and LCV vehicle units sold across the market 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. 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 10.

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 for the year ended 30 June 2017 (continued)

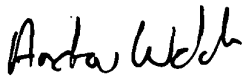
Key performance indicators and management of risk (continued)

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
14th March 2018

Imperial Commercials Ltd

Directors' report for the year ended 30 June 2017

The directors present their annual report and the audited financial statements for the year ended 30 June 2017.

The directors have presented statements on future prospects 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:

OS Arbee
PB Michaux
RG Truscott (Appointed 11 September 2017)
IT Oakes
AB Welch
D Lewis (Resigned 1 December 2017)
M Lawrenson

Dividend

No interim dividends were declared or paid during the year (2017: £nil) and the directors do not recommend the payment of a final dividend (2017: £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.

Directors and officers liability insurance

Directors and officers liability insurance was held for the benefit of all Directors during the year.

Imperial Commercials Ltd

Directors' report for the year ended 30 June 2017 (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

14th March 2018

Imperial Commercials Ltd

Directors' responsibilities statement for the year ended 30 June 2017

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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 for the year ended 30 June 2017

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Imperial Commercials Ltd which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework" applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Imperial Commercials Ltd

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is 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.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 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.

Report on other legal and regulatory requirements

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 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.

Imperial Commercials Ltd

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Julian Rae (Senior Statutory Auditor)
For and behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom

14 March 2018

Imperial Commercials Ltd

Profit and loss account For the year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
Turnover	4	343,478	314,116
Cost of sales		<u>(290,726)</u>	<u>(265,465)</u>
Gross profit		52,752	48,651
Distribution costs		<u>(28,381)</u>	<u>(26,225)</u>
Administration expenses		<u>(17,975)</u>	<u>(15,951)</u>
Operating profit		6,396	6,475
Net interest payable and similar charges	5	<u>(635)</u>	<u>(654)</u>
Profit on ordinary activities before tax	6	5,761	5,821
Tax on profit on ordinary activities	9	<u>(1,193)</u>	<u>(1,227)</u>
Profit for the financial year		<u>4,568</u>	<u>4,594</u>

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, accordingly no separate statement of comprehensive income has been presented.

Imperial Commercials Ltd

Statement of changes in equity For the year ended 30 June 2017

	Called Up share capital £'000	Share premium account £'000	Profit and Loss Account £'000	Total £'000
At 1 July 2015	560	554	12,910	14,024
Profit for the year	-	-	4,594	4,594
At 30 June 2016	560	554	17,504	18,618
Profit for the year	-	-	4,568	4,568
At 30 June 2017	<u>560</u>	<u>554</u>	<u>22,072</u>	<u>23,186</u>

Imperial Commercials Ltd


Balance Sheet

For the year ended 30 June 2017

	Notes	30 June 2017 £'000	30 June 2016 £'000
Fixed assets			
Intangible assets	11	55	79
Tangible assets	12	6,261	5,790
		<u>6,316</u>	<u>5,869</u>
Current assets			
Stocks	13	60,308	73,296
Debtors	14	25,488	19,358
Cash and cash equivalents	16	12,236	8,840
		<u>98,032</u>	<u>101,494</u>
Deferred tax asset	15	774	718
Creditors: amounts falling due within one year	17	<u>(75,588)</u>	<u>(83,096)</u>
Net current assets		<u>23,218</u>	<u>19,116</u>
Total assets less current liabilities		<u>29,534</u>	<u>24,985</u>
Creditors: amounts falling due after more than one year	18	(5,879)	(5,879)
Provisions for liabilities	19	(469)	(488)
Net assets		<u>23,186</u>	<u>18,618</u>
Capital and reserves			
Called up share capital	20	560	560
Share premium account		554	554
Profit and loss account		<u>22,072</u>	<u>17,504</u>
Total shareholders' funds		<u>23,186</u>	<u>18,618</u>

The financial statements of Imperial Commercials Ltd, registered number 00653665, were approved and authorised for issue by the Board of Directors on 14th March 2018.

Signed on behalf of the Board of Directors



IT Oakes

Director



AB Welch

Director

Imperial Commercials Ltd

Notes to the financial statements For the year ended 30 June 2017

1. General information

Imperial Commercials Ltd is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. 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 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.

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; and
- 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 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 pound 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 2017

2. Significant accounting policies

International Financial Reporting Standards adopted for the first time in 2017

There were no new standards or amendments to standards adopted for the first time this year that had a material impact on the results of the company. The prior year comparatives have not been restated for any changes in accounting policies that were required due to the adoption of new standards this year.

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. Website domains have a useful life of five years.

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.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

2. Significant accounting policies (continued)

Leased assets

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.

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 year 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.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

2. Significant accounting policies (continued)

Current and deferred taxation (continued)

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.

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.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

2. Significant accounting policies (continued)

Financial instruments (continued)

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.

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.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

2. Significant accounting policies (continued)

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.

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.

	2017 £'000	2016 £'000
Sales of goods	293,388	268,868
Sales of services	50,090	45,248
	<u>343,478</u>	<u>314,116</u>

Turnover from continuing operations is generated wholly in the UK.

5. Net interest payable and similar charges

	2017 £'000	2016 £'000
Interest charge on bank loans and overdrafts	20	5
Interest charge on manufacturer floor plan creditor	627	616
Intercompany interest charges	-	33
Interest payable and similar charges	<u>647</u>	<u>654</u>
Interest receivable and similar income		
Bank interest receivable	(12)	-
Net interest payable and similar charges	<u>635</u>	<u>654</u>

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

6. Profit on ordinary activities before tax

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

	2017 £'000	2016 £'000
Cost of stock recognised as an expense	279,331	255,131
Net credit for stock net realisable value provisions	(174)	(121)
Rent receivable	(320)	(267)
Intangible asset impairment and amortisation charges (note 11)	24	33
Depreciation of property, plant and equipment – Owned (note 12)	1,415	1,335
Loss/(profit) on sale of plant and equipment	93	(26)
Operating lease rental payments:		
Property lease rental payments	2,220	2,222
Plant and machinery lease rental payments	641	575
Auditor's remuneration (see note 7)	95	89
Staff costs (see note 8)	41,762	37,383

7. Auditor's remuneration

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

	2017 £'000	2016 £'000
Fees payable to the company's auditor in respect of audit services:		
The audit of the financial statements	95	89
Total audit fees	95	89

8. Employee information

	2017 No.	2016 No.
The average number of employees employed during the year was:		
Sales	86	81
Service and bodyshop	717	675
Parts	219	211
Administration	135	109
	1,157	1,076

Staff costs charged in the profit and loss account

	2017 £'000	2016 £'000
Staff costs, including directors' remuneration amounted to:		
Wages and salaries	36,274	32,429
Social security costs	3,507	3,005
Other pension costs – defined contribution and similar schemes	1,981	1,949
	41,762	37,383

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

8. Employee information (continued)

Directors' emoluments

	2017 £'000	2016 £'000
Total directors' emoluments were as follows:		
Emoluments	812	744
Company contributions to a money purchase pension scheme	104	82
	<u>916</u>	<u>826</u>

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

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

	2017 No.	2016 No.
Defined contribution scheme	<u>4</u>	<u>5</u>

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

	2017 £'000	2016 £'000
Emoluments	355	324
Company contributions to a money purchase pension scheme	0	9
	<u>355</u>	<u>333</u>

9. Tax on profit on ordinary activities

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

	2017 £'000	2016 £'000
Current tax		
UK Corporation tax and group relief at 19.75% (2016: 20%) based on the taxable profit for the year	1,247	1,196
Adjustments in respect of prior periods	2	(5)
	<u>1,249</u>	<u>1,191</u>
Deferred tax (credit)/charge		
Deferred tax on the origination and reversal of temporary differences	(37)	41
Effect of change in rate of corporation tax	1	38
Adjustments to deferred tax in respect of prior periods	(20)	(43)
	<u>(56)</u>	<u>36</u>
Total deferred tax (credit)/charge (note 15)		
	<u>(56)</u>	<u>36</u>
Total tax charge for the financial period attributable to continuing operations	<u>1,193</u>	<u>1,227</u>

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

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 19.75% (2016: 20%) as follows:

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation from continuing operations	5,761	5,821
Tax at the UK effective corporation tax rate of 19.75% (2016: 20%)	1,138	1,164
Effects of:		
Expenses not deductible for tax purposes	41	45
Loss on sale of ineligible assets and ineligible depreciation	31	28
Change in rate of corporation tax	1	38
Adjustments to current tax in respect of previous periods	2	(5)
Adjustments to deferred tax in respect of previous periods	(20)	(43)
	<u>1,193</u>	<u>1,227</u>

Factors effecting future current and total tax charges

The Chancellor announced a reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. These changes became substantively enacted on 26 October 2015 and 15 September 2016 respectively. The effect of the rate reductions has been reflected in the calculation of the deferred tax asset as they were substantively enacted prior to the balance sheet date. These reductions may reduce the company's future tax charges.

10. Dividends

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

11. Intangible assets

	Website domain £'000	Customer relationships and database £'000	Goodwill £'000	Total £'000
Cost				
As at 30 June 2016	10	726	1,118	1,854
Additions	-	-	-	-
As at 30 June 2017	<u>10</u>	<u>726</u>	<u>1,118</u>	<u>1,854</u>
Accumulated depreciation				
As at 1 July 2016	2	655	1,118	1,775
Amortisation	2	22	-	24
As at 30 June 2017	<u>4</u>	<u>677</u>	<u>1,118</u>	<u>1,799</u>
Carrying value				
As at 30 June 2017	<u>6</u>	<u>49</u>	<u>-</u>	<u>55</u>
As at 30 June 2016	<u>8</u>	<u>71</u>	<u>-</u>	<u>79</u>

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

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:

	2017 £'000	2016 £'000
Truck and Trailer Equipment	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.

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 2016	3,744	2,313	6,394	2,733	1,838	17,022
Additions	62	747	709	244	232	1,994
Disposals	(56)	(310)	(337)	(130)	(23)	(856)
As at 30 June 2017	<u>3,750</u>	<u>2,750</u>	<u>6,766</u>	<u>2,847</u>	<u>2,047</u>	<u>18,160</u>
Accumulated depreciation						
As at 30 June 2016	1,025	1,752	5,016	1,812	1,627	11,232
Depreciation charge	172	366	543	205	129	1,415
Disposals	(30)	(293)	(297)	(106)	(22)	(748)
As at 30 June 2017	<u>1,167</u>	<u>1,825</u>	<u>5,262</u>	<u>1,911</u>	<u>1,734</u>	<u>11,899</u>
Carrying value						
As at 30 June 2017	<u>2,583</u>	<u>925</u>	<u>1,504</u>	<u>936</u>	<u>313</u>	<u>6,261</u>
As at 30 June 2016	<u>2,719</u>	<u>561</u>	<u>1,378</u>	<u>921</u>	<u>211</u>	<u>5,790</u>

At 30 June 2017 the company had entered into contractual commitments for the acquisition of property, plant and equipment of £215,000 (2016: £168,000).

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

12. Tangible fixed assets (continued)

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 2017 £'000	30 June 2016 £'000
Short leasehold improvements	2,583	2,719

13. Stocks

	30 June 2017 £'000	30 June 2016 £'000
Raw materials and consumables	2,049	1,829
Work in progress	1,086	917
Goods held for resale	57,173	70,550
	60,308	73,296

14. Debtors

	30 June 2017 £'000	30 June 2016 £'000
Amounts falling due within one year:		
Trade debtors	22,239	17,249
Amounts owed by group undertakings	694	562
Other debtors	1,147	158
Prepayments and accrued income	1,408	1,389
	25,488	19,358

Imperial Commercial Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

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 30 June 2015 at 20%	526	228	754
(Charge)/credit to profit and loss account (note 9)	(81)	45	(36)
Asset as at 30 June 2016 at 19% (note 14)	445	273	718
Credit to profit and loss account (note 9)	26	30	56
Asset as at 30 June 2017 at 19% (note 14)	471	303	774

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 2017 or 30 June 2016.

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.

16. Cash and cash equivalents

	30 June 2017 £'000	30 June 2016 £'000
Cash at bank	12,220	8,825
Cash in hand	16	15
	12,236	8,840

17. Creditors: amounts falling due within one year

	30 June 2017 £'000	30 June 2016 £'000
Trade creditors	56,569	70,384
Amounts owed to group undertaking	854	-
Corporation tax and group relief	291	303
Other tax and social security	2,105	3,344
Other creditors	8,716	4,329
Accruals and deferred income	7,053	4,736
	75,588	83,096

Trade creditors include £30,059,000 (2016: £39,555,000) secured by reservation of title.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

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

	30 June 2017 £'000	30 June 2016 £'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)	5,879	5,879

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 2017 the amount owed by this company included within trade creditors as disclosed in note 17, to Paccar Financial Services Europe B.V. was £26,687,000 (2016: £34,611,000) and the amount of debt subordinated was £5 million (2016: £5 million).

19. Provisions for liabilities

	Repair and maintenance provisions £'000	Dilapidation provisions £'000	Total £'000
As at 30 June 2015	42	251	293
Profit and loss account charge	36	168	204
Utilised	(9)	-	(9)
As at 30 June 2016	69	419	488
Profit and loss account charge/(credit)	(69)	50	(19)
Utilised	-	-	-
As at 30 June 2017	-	469	469

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

The dilapidations provisions represent the anticipated costs of reinstating leasehold premises at the end of the lease agreements. These will be utilised as lease periods expire.

Imperial Commercials Ltd

Notes to the financial statements (continued) For the year ended 30 June 2017

20. Called up share capital

	30 June 2017 £'000	30 June 2016 £'000
Called up, allotted and fully paid		
560,000 ordinary shares of £1 each	<u>560</u>	<u>560</u>

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

21. Contingent liabilities

The company has guaranteed the bank overdraft of its parent company, IH Mobility Holdings (UK) Limited. The amount outstanding at 30 June 2017 was £5,756,816 (2016: £2,199,173). As of 30 June 2017 IH Mobility Holdings (UK) Limited held deposits outside the bank pooling arrangement of £3,098 (2016: £3,098).

22. 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:

	Property		Plant, machinery and equipment		Total	
	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000
Amounts payable under operating leases:						
Within one year	2,096	2,047	683	588	2,779	2,635
In the second to fifth years inclusive	7,006	4,004	767	834	7,773	4,838
After five years	11,430	5,840	-	-	11,430	5,840
	<u>20,532</u>	<u>11,891</u>	<u>1,450</u>	<u>1,422</u>	<u>21,982</u>	<u>13,313</u>

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.

24. Pension Commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company's independently administered funds. The pension charge represents contributions payable by the company to the funds and amounts to £1,981,000 (2016: £1,949,000). As at 30 June 2017 outstanding contributions owed to the schemes were £278,000 (2016: £301,560).

Imperial Commercials Ltd

Notes to the financial statements (continued) **For the year ended 30 June 2017**

25. Related party transactions

Transactions with parent company

The company paid rental costs of £1,311,514 (2016: £1,285,710) to its immediate parent company IH Mobility Holdings (UK) Ltd, these rental charges are in accordance with the leases between the parties.

Transactions with key management personnel

The directors are considered to be the key management personnel. Their remuneration are disclosed in Note 8. The company did not enter into any other 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 companies registered office; PO Box 3013, Edenvale, Johannesburg, 1610, South Africa.