

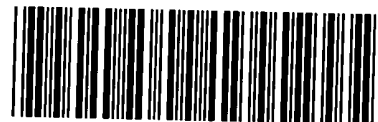
Registration number: 660644

# Gerard Mann Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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## **Gerard Mann Limited**

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## Gerard Mann Limited

### Company Information

<b>Company name</b>	Gerard Mann Limited
<b>Company number</b>	660644
<b>Incorporated</b>	England and Wales
<b>Domicile</b>	United Kingdom
<b>Legal form</b>	Private Limited Company, Limited by Shares
<b>Chief executive</b>	James Brearley
<b>Directors</b>	Martin Wheatley Claire Catlin James Brearley
<b>Company secretary</b>	Inchcape UK Corporate Management Limited
<b>Registered office</b>	Inchcape House Langford Lane Kidlington Oxford OX5 1HT
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

## Gerard Mann Limited

### Strategic Report for the Year Ended 31 December 2016

The Directors present their strategic report for the year ended 31 December 2016.

#### Principal activities

The principal activity of the Company is the retailing of cars and commercial vehicles, sales of oils and spare parts together with service repair facilities, and vehicle rental.

#### Fair review of the business

The results for the Company show a profit for the financial year of £10,606,000 (2015: £5,924,000).

The Company has net assets of £21,990,000 at the financial year end (2015: £17,308,000).

We have delivered strong sales growth, with turnover increasing by £88m (24%). This has been driven by a 17% increase in MB new registrations in the UK from 145,254 in 2015 to 169,828 in 2016. This was due to increase demand for GS, RX and RC.

Aftersales growth has been fuelled by increasing the Car Parc and investments made in facilities and capabilities both in retail centres and our customer contact centres.

Gross profit margin has remained flat at 11.24% (2015: 11.24%).

#### Key performance indicators

The Company is part of the Inchcape Group. The development, performance and position of the UK segment, which includes this Company, are discussed in the Group's 2016 Annual Report and accounts which does not form part of this report.

#### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Further discussion of these risks and uncertainties, in the context of the Inchcape Group as a whole, is provided in the Group's 2016 Annual Report and accounts which does not form part of this report.

Approved by the Board on 26 September 2017 and signed by order of the board:

  
Inchcape UK Corporate Management Limited  
Company secretary

## **Gerard Mann Limited**

### **Directors' Report for the Year Ended 31 December 2016**

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

#### **Directors of the Company**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Martin Wheatley

Claire Catlin

Louis Fallenstein - Chief executive (resigned 1 January 2017)

The following director was appointed after the year end:

James Brearley - Chief executive (appointed 1 January 2017)

#### **Company secretary**

Inchcape UK Corporate Management Limited

#### **Dividends**

The Company has paid a final dividend for the year ended 31 December 2016 of 57.80 pence per share (2015: 57.56p), totalling £5,924,000 (2015: £5,900,000).

#### **Financial instruments**

##### **Financial risk management**

The Directors consider that the Company's key financial instruments are inter-company loans. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on the interest bearing inter-company loans. The risk is not considered material and the Company does not employ the use of hedging instruments.

##### **Employment of disabled persons**

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview all those candidates who meet the minimum selection criteria. We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued employment in their role, including consulting them about their requirements, making adjustments and providing alternative suitable positions.

##### **Employee involvement**

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group intranet "Inchcape Connect", weekly customer letters and a monthly Group-wide newsletter facilitate communication with employees. Employees are regularly consulted upon matters concerning their employment.

Employees are provided with information on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc SAYE share option scheme, subject to the rules of that scheme. Employees are also offered an Inchcape Employee Advantage Scheme to promote their well-being.

##### **Future developments**

The Directors do not foresee any significant changes in the Company or its activities during 2017.

## **Gerard Mann Limited**

### **Directors' Report for the Year Ended 31 December 2016**

#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **Directors' liabilities**

A Qualifying Third Party Indemnity (QTPI), as permitted by the Company's Articles of Association and section 234 of the Companies Act 2006, has been granted by the Company to each of its Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay the Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in action brought by the Company, judgement is given against the Director. A QTPI was in force throughout the financial year and also at the date of approval of these financial statements.

#### **Transactions with Directors**

No transactions, arrangement or agreement required to be disclosed under the terms of the Companies Act 2006 was outstanding at 31 December 2016, or occurred during the year for any Director or connected person (2015: none).

#### **Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

## Gerard Mann Limited

### Statement of Directors' responsibilities in respect of the financial statements

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Approved by the Board on 26 September 2017 and signed by order of the board:

  
.....  
Inchcape UK Corporate Management Limited  
Company secretary

## **Gerard Mann Limited**

### **Independent Auditors' Report to the members of Gerard Mann Limited**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Gerard Mann Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

##### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

##### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
  - 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.
- We have no exceptions to report arising from this responsibility.



## **Gerard Mann Limited**

### **Independent Auditors' Report to the members of Gerard Mann Limited**

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

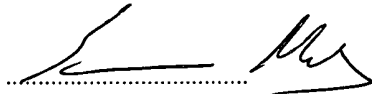
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

**Gerard Mann Limited**

**Independent Auditors' Report to the members of Gerard Mann Limited**

A handwritten signature in black ink, appearing to be 'S Morley', written over a dotted line.

Simon Morley (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

26 September 2017

**Gerard Mann Limited**

**Profit and Loss Account for the Year Ended 31 December 2016**

	Note	2016 £ 000	2015 £ 000
Turnover		461,288	373,031
Cost of sales		<u>(409,418)</u>	<u>(331,117)</u>
Gross profit		51,870	41,914
Distribution costs		(19,774)	(17,492)
Administrative expenses		<u>(18,815)</u>	<u>(16,901)</u>
Operating profit	3	<u>13,281</u>	<u>7,521</u>
Interest receivable and similar income	4	<u>1</u>	<u>23</u>
		<u>1</u>	<u>23</u>
Profit before taxation		13,282	7,544
Tax on profit	8	<u>(2,676)</u>	<u>(1,620)</u>
Profit for the financial year		<u><u>10,606</u></u>	<u><u>5,924</u></u>

The above results were derived from continuing operations.

The notes on pages 13 to 28 form an integral part of these financial statements.

**Gerard Mann Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2016**

	<b>2016</b> <b>£ 000</b>	<b>2015</b> <b>£ 000</b>
Profit for the financial year	<u>10,606</u>	<u>5,924</u>
Total comprehensive income for the financial year	<u><u>10,606</u></u>	<u><u>5,924</u></u>

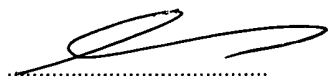
The notes on pages 13 to 28 form an integral part of these financial statements.

**Gerard Mann Limited**

**(Registration number: 660644)**  
**Balance Sheet as at 31 December 2016**

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Intangible assets	9	5,111	5,729
Tangible assets	10	1,471	1,280
Investments	11	-	-
		<u>6,582</u>	<u>7,009</u>
<b>Current assets</b>			
Stocks	12	95,451	99,765
Debtors	13	19,815	10,269
Cash at bank and in hand	14	19,729	20,262
		134,995	130,296
<b>Creditors: amounts falling due within one year</b>	15	<u>(119,587)</u>	<u>(119,997)</u>
<b>Net current assets</b>		<u>15,408</u>	<u>10,299</u>
<b>Total assets less current liabilities</b>		<u>21,990</u>	<u>17,308</u>
<b>Net assets</b>		<u>21,990</u>	<u>17,308</u>
<b>Capital and reserves</b>			
Called up share capital	17	10,250	10,250
Profit and loss account		<u>11,740</u>	<u>7,058</u>
<b>Total equity</b>		<u>21,990</u>	<u>17,308</u>

The financial statements on pages 9 to 28 were approved and authorised by the Board on 26 September 2017 and signed by order of the board:



Claire Catlin  
 Director

The notes on pages 13 to 28 form an integral part of these financial statements.

**Gerard Mann Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2016**

	<b>Called up share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2016	10,250	7,058	17,308
Profit for the financial year	-	10,606	10,606
Total comprehensive income for the financial year	-	10,606	10,606
Dividends	-	(5,924)	(5,924)
At 31 December 2016	10,250	11,740	21,990
	<b>Called up share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2015	10,250	7,034	17,284
Profit for the financial year	-	5,924	5,924
Total comprehensive income for the financial year	-	5,924	5,924
Dividends	-	(5,900)	(5,900)
At 31 December 2015	10,250	7,058	17,308

The notes on pages 13 to 28 form an integral part of these financial statements.

## Notes to the Financial Statements for the Year Ended 31 December 2016

**1 Accounting policies****Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Statement of compliance**

The individual financial statements of Gerard Mann Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

**Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in "Critical accounting judgements and estimation uncertainty" note 2.

**Summary of disclosure exemptions**

FRS 102 allows a qualifying entity certain disclosure exemptions. (FRS 102 paragraph 1.12). These exemptions are:

- The requirement to prepare a statement of cash flows (section 7 of FRS 102 and paragraph 3.17(d) consolidated financial statements disclosed in the consolidated financial statements of the Group in which the entity is consolidated) (FRS 102 paragraphs 11.39 - 11.48A, 12.26 - 12.29).
- Share based payments disclosed in the consolidated financial statements of the Group in which the entity is consolidated (FRS 102 paragraphs 26.18(b), 26.19 - 26.21, 26.23)
- Key management personnel compensation in total (FRS 102 paragraph 33.7).

**Group financial statements not prepared**

The Company is a wholly owned subsidiary of Inchcape plc and is included in the consolidated financial statements of Inchcape plc which are publicly available. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Inchcape plc, a company incorporated in the United Kingdom.

**Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern. As such, the Company continues to adopt the going concern basis in preparing the financial statements.

## **Gerard Mann Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 Accounting policies (continued)**

##### **Cash flow statement**

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Inchcape plc, includes the Company's cash flows in its own consolidated financial statements.

##### **Related party transactions**

The Company discloses transactions with related parties which are not wholly owned within the group. It does not disclose transactions with members of the same group that are wholly owned.

##### **Turnover**

Turnover represents the invoiced value of goods and services provided, excluding Value Added Tax. The turnover is attributable to the principal activities of the Company and is wholly derived in the United Kingdom.

##### **Revenue recognition and dividend income**

Revenue from the sale of goods and services sold is measured at the fair value of consideration receivable, net of rebates and any discounts, and includes lease rentals, agency sales and finance and insurance commission.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically dispatched or when the service has been undertaken and invoiced to the customer. Revenue from commission is recognised when receipt of payment can be assured.

Dividend income is recognised when the right to receive payment is established and is recorded within income from shares in group undertakings.

##### **Tax**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profits for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 1 Accounting policies (continued)

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and equipment	10%-33%
Motor vehicles	20%-33%

#### Goodwill

Goodwill represents the difference between the fair value of the consideration and the identifiable net assets at the date of acquisition, and is written off over the Directors' estimate of its useful economic life of up to twenty years.

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

#### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

## **Gerard Mann Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 Accounting policies (continued)**

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Stocks on consignment are deemed, in substance, to be assets of the Company. Stock on consignment and their related obligations are recognised in current assets and creditors respectively on adoption of the consignment stock when the risks and rewards of ownership pass to the Company.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## **Gerard Mann Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 Accounting policies (continued)**

##### **Defined benefit pension obligation**

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company participates in various group pension schemes, which are defined benefit in nature with assets held in separately administered funds. The cost of providing such benefits is determined separately for each plan using the projected unit credit actuarial valuation method, in accordance with the advice of an independent qualified actuary.

The schemes are valued every three years by a professionally qualified independent actuary. For accounting purposes, a valuation is prepared annually for each scheme under IAS 19, 'Employee benefits'.

Where an entity participates in a defined benefit plan that shares risks between entities under common control it shall obtain information about the plan as a whole measured in accordance with this FRS on the basis of assumptions that apply to the plan as a whole. There is no contractual agreement or stated policy for charging the net defined benefit cost of a defined benefit plan as a whole measured in accordance with this FRS to individual group entities, therefore, the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the group entity which is legally responsible for the plan. The other group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the period.

Further disclosure of the pension schemes, in the context of the Inchcape group as a whole, is provided in the Group's 2016 Annual Report and financial statements which does not form part of this report.

##### **Financial assets and liabilities**

The Company classifies its financial instruments in the following categories: loans and receivables; and amortised cost. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity date is more than twelve months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at net realisable value.

Amortised costs include non-derivative financial assets and liabilities which are held at original cost, less amortisation.

##### **Interest**

Interest is included in the profit and loss account on an accruals basis.

## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 2 Critical accounting judgements and estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### Stock provisioning

The Company retails cars, commercial vehicles and motor bikes. Such big ticket items have increased seasonal demand and changes in consumer demand and trends. As a result it is necessary to consider the recoverability of the cost of the stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods. See note 12 for the net carrying amount of the stock.

##### Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful life and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on economic utilisation and physical condition of the assets. See note 10 for the carrying value of tangible assets.

#### 3 Operating profit

Arrived at after charging/(crediting)

	2016 £ 000	2015 £ 000
Depreciation expense	538	455
Amortisation expense	618	618
Employee costs	25,560	22,074
Rent expense	3,778	3,755
Operating lease expense - plant and machinery	147	133
Profit on disposal of property, plant and equipment	-	(8)

#### 4 Interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest income on bank deposits	1	23

## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 5 Staff costs

The aggregate payroll costs (excluding Directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	22,723	19,696
Social security costs	2,503	2,144
Other pension costs	334	234
	<u>25,560</u>	<u>22,074</u>

The monthly average number of persons employed by the company (excluding Directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Administration and management	177	151
Retail	219	185
Aftersales	280	278
	<u>676</u>	<u>614</u>

#### 6 Directors' remuneration

The emoluments of two of the Company's Directors are paid by Inchcape Retail Limited and one Director by Inchcape Estates Limited. All three are Directors of Inchcape Retail Limited and Inchcape Estates Limited and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly the above details include no emoluments in respect of the Directors. Total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of Inchcape Retail Limited and Inchcape Estates Limited.

# Gerard Mann Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 7 Auditors' remuneration

	2016 £ 000	2015 £ 000
Audit of the financial statements	<u>67</u>	<u>59</u>

### 8 Tax on profit

Tax charged to the profit and loss account

	2016 £ 000	2015 £ 000
<b>Current taxation</b>		
UK corporation tax	2,652	1,277
UK corporation tax adjustment to prior periods	<u>(13)</u>	<u>81</u>
	<u>2,639</u>	<u>1,358</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	35	274
Arising from changes in tax rates and laws	21	65
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(19)</u>	<u>(77)</u>
Total deferred taxation	<u>37</u>	<u>262</u>
Tax expense in the profit and loss account	<u>2,676</u>	<u>1,620</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 8 Tax on profit (continued)

	2016 £ 000	2015 £ 000
Profit before tax	13,282	7,544
Corporation tax at standard rate	2,656	1,528
Effect of expense not deductible in determining taxable profit (tax loss)	37	23
Deferred tax - short term timing differences	(6)	-
Prior period adjustments	(32)	4
Tax rate changes	21	65
Total tax charge	2,676	1,620

The Finance Act 2015 included legislation to reduce the rate of UK corporation tax from 20% to 19% from 1 April 2017, and to 18% from 1 April 2020. In addition, the Finance Act 2016 was passed in the year which further reduced the rate of corporation tax by 1% to 17% from 1 April 2020. This further rate reduction was enacted at the balance sheet date and hence this rate is now relevant for measuring deferred tax balances in the UK.

#### 9 Intangible assets

	Goodwill £ 000	Total £ 000
<b>Cost</b>		
At 1 January 2016	10,785	10,785
At 31 December 2016	10,785	10,785
<b>Accumulated amortisation</b>		
At 1 January 2016	5,056	5,056
Amortisation charge	618	618
At 31 December 2016	5,674	5,674
<b>Carrying amount</b>		
At 31 December 2016	5,111	5,111
At 31 December 2015	5,729	5,729

# Gerard Mann Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 10 Tangible assets

	Plant and equipment £ 000	Total £ 000
<b>Cost</b>		
At 1 January 2016	3,847	3,847
Additions	730	730
Disposals	(22)	(22)
At 31 December 2016	4,555	4,555
<b>Accumulated depreciation</b>		
At 1 January 2016	2,567	2,567
Charge for the year	538	538
Eliminated on disposal	(21)	(21)
At 31 December 2016	3,084	3,084
<b>Carrying amount</b>		
At 31 December 2016	1,471	1,471
At 31 December 2015	1,280	1,280

### 11 Investments

	2016 £ 000
<b>Subsidiaries</b>	
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	17,477
<b>Provision</b>	
At 1 January 2016 and 31 December 2016	17,477
<b>Carrying amount</b>	
At 31 December 2016	-
At 31 December 2015	-

### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:



## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 11 Investments (continued)

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Inchcape North West Group Limited	England & Wales	Ordinary	100%	100%
Inchcape North West Limited	England & Wales	Ordinary	100%	100%

Both Inchcape North West Group Limited and Inchcape North West Limited are dormant companies.

The registered address for all of Gerard Mann Limited's subsidiaries is:

Inchcape House  
Langford Lane  
Kidlington  
Oxford  
OX5 1HT

#### 12 Stocks

	2016 £ 000	2015 £ 000
Work in progress	55	47
Finished goods - purchased inventory	39,220	39,372
Finished goods - consignment inventory	56,176	60,346
	<u>95,451</u>	<u>99,765</u>

Vehicles on consignment have been included in finished goods with the corresponding liability included within trade creditors. Payment becomes due when the title passes to the Company, which is generally the earlier of six months from delivery or the date of sale.

## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 13 Debtors

	Note	2016 £ 000	2015 £ 000
Trade debtors		9,762	5,503
Amounts owed by group undertakings	21	102	-
Other debtors		64	55
Deferred tax assets	16	349	386
Prepayments and accrued income		<u>9,538</u>	<u>4,325</u>
Total current trade and other debtors		<u><u>19,815</u></u>	<u><u>10,269</u></u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 14 Cash at bank and in hand

	2016 £ 000	2015 £ 000
Cash at bank	<u>19,729</u>	<u>20,262</u>
Cash at bank and in hand	<u><u>19,729</u></u>	<u><u>20,262</u></u>

## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 15 Creditors: amounts falling due within one year

	Note	2016 £ 000	2015 £ 000
<b>Due within one year</b>			
Trade creditors		99,781	106,061
Amounts owed to group undertakings	21	13,459	9,282
Other creditors		1,025	931
Taxation and social security		197	297
Deposits received		1,074	679
Accruals and deferred income		4,051	2,747
		<u>119,587</u>	<u>119,997</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Company enters into vehicle funding agreements whereby the Company is able to refinance interest bearing amounts due to suppliers on similar terms. The total balance payable under vehicle funding agreements, including amounts due to suppliers, as of 31 December 2016 is £89,220,000 (2015: £100,044,000) of which £24,087,000 (2015: £29,141,000) is outstanding under refinancing agreements. Such amounts are included within trade creditors above and interest charged on these agreements is included within cost of sales.

# Gerard Mann Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 16 Deferred tax asset

	Deferred tax £ 000
At 1 January 2016	386
Charged to the profit and loss account	<u>(37)</u>
At 31 December 2016	<u>349</u>

### Analysis of deferred tax

	2016 £000	2015 £000
Difference between accumulated depreciation and amortisation and capital allowances	325	386
Other timing differences	<u>24</u>	<u>-</u>
	<u>349</u>	<u>386</u>

### 17 Called up share capital

#### Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
10,250,000 ordinary shares of £1 each	<u>10,250</u>	<u>10,250</u>	<u>10,250</u>	<u>10,250</u>

## Gerard Mann Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 18 Obligations under leases and hire purchase contracts

##### Operating leases

At 31 December 2016, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2016 £ 000	2015 £ 000
Not later than one year	65	65
Later than one year and not later than five years	<u>2</u>	<u>2</u>
	<u>67</u>	<u>67</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2015 - £Nil).

The Company rents its properties from a fellow Group Company, Inchcape Estates Limited. These properties are not held on a formal lease and there is no associated operating lease commitment.

#### 19 Dividends

	2016 £ 000	2015 £ 000
Final dividend declared and paid of 57.80p (2015: 57.56p) per ordinary share	<u>5,924</u>	<u>5,900</u>

#### 20 Contingent liabilities

The Company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £20,393,000 (2015: £20,143,000).

#### 21 Related party transactions

As per note 6 the disclosure of the Directors' remuneration can be found in the financial statements of Inchcape Retail Limited and Inchcape Estates Limited, both of whom are fellow subsidiaries within the group.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

## **Gerard Mann Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **22 Parent and ultimate parent undertaking**

The Company's immediate parent is Inchcape International Holdings Limited, incorporated in England and Wales, of which the Company is a wholly owned subsidiary.

The ultimate parent is Inchcape plc, incorporated in England and Wales.

Both the smallest and largest group of which the Company is a member and for which group financial statements are drawn up is that of Inchcape plc.

These financial statements are available upon request from:

The Company Secretary  
Inchcape plc  
22A St James's Square  
London  
SW1Y 5LP

The ultimate controlling party is Inchcape plc.