Company Registration No. 04122590 (England and Wales)

CARGOBULL FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CARGOBULL FINANCE LIMITED

COMPANY INFORMATION

Directors	D Hullis D Wooldridge R Roelfsema
Company number	04122590
Registered office	Building 7 Croxley Green Business Park Watford Hertfordshire United Kingdom WD18 8YN
Independent auditor	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Business address	Building 7 Croxley Green Business Park Watford Hertfordshire United Kingdom WD18 8YN

CARGOBULL FINANCE LIMITED

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CARGOBULL FINANCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

Review of the business

Principal activities

The Company's principal activity for 2016 was the provision of finance for Schmitz Cargobull trailers. No change in the Company's activities is anticipated.

Business review

The Company's profit after tax for the year was £634,000 *(2015: £1,260,000)*.

Principal risks and uncertainties facing the Company

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash outflows and hence manage interest rate risk, the Company has a policy of maintaining the majority of this debt at a fixed rate. The Company does not use derivative financial instruments to manage interest rate costs.

Credit risk

Credit risk management focuses on making balanced decisions on credit applications based on careful assessments such that credit losses from the resulting portfolio are within agreed boundaries. Cargobull Finance Limited seeks to control credit risk by building a diversified portfolio from a market segment and geographical perspective, and closely monitoring payment performance. We do not want to be significantly exposed to a concentration of credit in a industry, single end-user or vendor where a default could have a material adverse effect on our results.

Liquidity risk

The Company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The Company operates a match funding policy so that interest bearing assets are funded by interest bearing liabilities hence minimising exposure to interest rate cash flow risk. The majority of interest bearing assets earn interest at a fixed rate. The Company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Other risks

On 23rd June 2016 the UK voted in a referendum to leave the EU, so-called "Brexit". Management do not envisage that Brexit will impact on the Company's ability to trade as a going concern.

To date there has been no short term impact on volumes and/or arrears levels. Management will continue to monitor and assess the medium / long term impact of Brexit as the full implications become clear.

Key performance indicators

The Board uses certain financial key performance indicators ("KPIs) to monitor and assess the performance of the Company. The principal KPIs are profit and loss account and the balance sheet as presented on pages 6 and 8 respectively.

On behalf of the board

D Hullis
Director
9 August 2017

CARGOBULL FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid (2015: £nil). The directors do not recommend payment of a final dividend (2015: £nil).

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Hullis
D Wooldridge
R Roelfsema

Future developments
No change in the Company's activities is expected.

Independent auditors
PricewaterhouseCoopers LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
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 101 "Reduced Disclosure Framework", 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 101, 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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.

Going concern
After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties facing the company
The principal risks and uncertainties facing the company are included in the strategic report on page 1.

On behalf of the board

D Hullis
Director
9 August 2017

CARGOBULL FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CARGOBULL FINANCE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion
In our opinion, Cargobull Finance 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 statement of financial position as at 31 December 2016;
- the income statement 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 101 "Reduced Disclosure Framework", 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.

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 4, 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 statement 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.

A J Batty

Andrew Batty (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
9 August 2017

CARGOBULL FINANCE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	3,534	4,926
Administrative expenses		(2,173)	(3,467)
Other operating income		426	1,105
Operating profit	4	1,787	2,564
Other interest receivable and similar income	7	3	1
Interest payable and similar charges	8	(794)	(994)
Profit on ordinary activities before taxation		996	1,571
Tax on profit on ordinary activities	9	(362)	(311)
Profit for the financial year		634	1,260

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 28 are an integral part of these financial statements.

CARGOBULL FINANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £'000	2015 £'000
Profit for the financial year	634	1,260
Other comprehensive income for the year	-	-
Total comprehensive income for the year	634	1,260

The notes on pages 12 to 28 are an integral part of these financial statements.

CARGOBULL FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	**10**	8,485	10,574
Deferred tax asset	**18**	352	612
		8,837	11,186
Current assets			
Finance lease receivables (includes £12,561K (2015:£13,034K) amounts falling due after one year)	**12**	18,447	19,092
Debtors	**13**	1,819	2,014
Cash at bank and in hand		221	346
		20,487	21,452
Creditors: amounts falling due within one year			
Loans and overdrafts	**14**	3,178	10,430
Trade creditors and other payables	**17**	280	147
Taxation and social security		-	28
		3,458	10,605
Net current assets		17,029	10,847
Total assets less current liabilities		25,866	22,033
Creditors: amounts falling due after more than one year			
Loans and overdrafts	**14**	17,403	14,204
Net assets		8,463	7,829
Capital and reserves			
Called up share capital	**19**	6,600	6,600
Profit and loss account	**20**	1,863	1,229
Total equity		8,463	7,829

The financial statements were approved by the Board of directors and authorised for issue on 9 August 2017
Signed on its behalf by:

D Hullis
Director

The notes on pages 12 to 28 are an integral part of these financial statements.

Company Registration No. 04122590

CARGOBULL FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2015		6,600	(31)	6,569
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	1,260	1,260
Balance at 31 December 2015		6,600	1,229	7,829
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	634	634
Balance at 31 December 2016		6,600	1,863	8,463

1 Accounting policies

1.1 Company information

Cargobull Finance Limited is a company limited by shares incorporated in England and Wales. The registered office is Building 7, Croxley Green Business Park, Watford, Hertfordshire, United Kingdom, WD18 8YN.

Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions. Specifically, the Company has taken advantage of the following exemptions:-

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements Coöperatieve Rabobank U.A in which the entity is consolidated;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of Coöperatieve Rabobank U.A. The group accounts of Coöperatieve Rabobank U.A are available to the public and can be obtained as set out in note 26.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable from finance leases, operating leases and hire purchase agreements provided in the normal course of business, net of discounts and VAT.

The total gross earnings under finance leases and similar hire purchase contracts, are allocated so as to give a constant periodic rate of return on the company's net cash investment in the lease.

Rental income (less discounts granted to lessees) from operating leases is recognised on a straight-line basis over the term of the lease.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Assets leased out under operating leases are stated at cost less accumulated depreciation and any provisions for impairment.

Depreciation on assets is provided to amortise the cost of the asset to its estimated residual value at the end of its useful economic life.

Operating leases	Straight line method over the life of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.5 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the Company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of leases.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1 Accounting policies **(Continued)**

1.14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 *Critical accounting estimates and judgements*

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Impairment losses on loans and advances

Provisions are held for impairment losses against receivables on an individual and collective basis. Provisions are calculated using historic loss experience as well as external indicators.

However a number of assumptions are required such as estimated resale value, current market for equipment, the customer likelihood of paying based on payment history and credit risk, and merchandising issues. The carrying value of impairment provisions is £nil (2015: £8,000).

3 Turnover

An analysis of the company's turnover which is generated primarily in the United Kingdom is as follows:

	2016 £'000	2015 £'000
Income from operating leases	2,392	3,726
Income from finance leases	525	577
Income from hire purchase	603	596
Other fees	14	27
	3,534	4,926

Geographical market

	2016 £'000	2015 £'000
United Kingdom	3,534	4,926

4 Operating profit

	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains) / losses	(77)	10
Fees payable to the company's auditors for the audit of the company's financial statements	5	13
Depreciation of property, plant and equipment	1,820	2,965

5 Auditors' remuneration

	2016 £'000	2015 £'000
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the company's financial statements	5	13

There were no non-audit fees.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administrative and operations	1	1

Their aggregate remuneration comprised:

Employment costs	2016 £'000	2015 £'000
Wages and salaries	139	74
Social security costs	13	14
Pension costs	11	10
	163	98

The Directors made no charge for their services (2015: £nil), and their services to the company are deemed to be provided as part of their services to De Lage Landen Leasing Limited.

7 Other interest receivable and similar income

	2016 £'000	2015 £'000
Interest income		
Interest receivable from group companies	3	1

8 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	626	763
Interest on other loans	168	231
	794	994

Interest payable and similar charges includes interest payable and similar on all other loans of £794,000 (2015 : £994,000). Of the above amount, £626,000 (2015 : £763,000) was payable to group undertakings.

9 Tax on profit on ordinary activities

	Continuing operations 2016 £'000	2015 £'000
Current tax		
UK Corporation tax on profits for the year	102	224
Deferred tax		
Origination and reversal of temporary differences	141	88
Changes in tax rates	62	(1)
Adjustment in respect of prior years	57	-
	260	87
Total tax charge	362	311

The Finance Act 2014 included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015 and were substantively enacted on the 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. A further change was announced in the Chancellor's Budget on 16 March 2016 to reduce the main rate to 17% from 1 April 2020. These changes had been substantively enacted as at 31 December 2016 and, therefore, the effects of these reductions are included in these financial statements.

(Continued)

9 Tax on profit on ordinary activities

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £'000	2015 £'000
Profit before taxation	996	1,571
Expected tax charge based on a corporation tax rate of 20.00% (2015: 20.25%)	199	318
Expenses not deductible in determining taxable profit	1	1
Adjustment in respect of prior years	57	-
Permanent capital allowances in excess of depreciation	(98)	(95)
Other differences	203	87
Total tax charge for the year	362	311

10 Tangible assets

	Operating leases £'000
Cost	
At 1 January 2016	18,285
Additions	2,285
Disposals	(8,261)
At 31 December 2016	12,309
Accumulated depreciation and impairment	
At 1 January 2016	7,711
Charge for the year	1,820
Reclassification to accruals and deferred income	(294)
Eliminated on disposal	(5,413)
At 31 December 2016	3,824
Carrying amount	
At 31 December 2016	8,485
At 31 December 2015	10,574

The reclassification is as a result of a correction to accumulated depreciation.

11 *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

Credit risk is mitigated by having a broad spectrum of customers, pre-acceptance credit checks, active review, and portfolio arrears management.

The credit risk maximum exposure is the carrying value as at the balance sheet date.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remain with the lessor, these assets would be recoverable in case of default and it is anticipated that the sales proceeds would cover any shortfall in the amounts recovered from the lessee.

The ageing of the specific impairment provision at the balance sheet date is as follows:

	2016 Gross Impaired £'000	2016 Provision £'000	2015 Gross Impaired £'000	2015 Provision £'000
0-30 days	-	-	-	-
30-120 days	-	-	-	-
More than 120 days	-	-	43	8
	-	-	43	8

The movement in impairment provisions is as follows:-

	2016 £'000	2015 £'000
At 1 January	8	133
Movement in provision	-	8
Write off	(8)	(133)
At 31 December	-	8

11 Credit risk (Continued)

The ageing of debt past due but not impaired at the balance sheet is as follows:

	2016 Past Due £'000	2015 Past Due £'000
0-30 days	318	175
30-120 days	54	127
More than 120 days	20	86
	392	388

12 Finance lease receivables

	Minimum lease payments		Present value	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts receivable under finance leases:				
Within one year	6,800	7,037	5,886	6,058
Between two and five years	13,365	13,967	12,219	12,590
In over five years	359	470	342	444
	20,524	21,474	18,447	19,092
Unearned finance income	(2,077)	(2,382)	-	-
	18,447	19,092	18,447	19,092

12 Finance lease receivables (Continued)

Analysis of finance leases

The company enters into financial leasing arrangements for Schmitz Cargobull trailers covered by finance leasing arrangements. The average term of finance leases entered into is 3.7 years.

The fair value of the financial lease receivables at 31 December 2016 is estimated to be £18,540,000 (2015: £19,145,000).

Determination of fair value

(a) Level 1 – quoted market price: financial instruments with quoted prices for identical instruments in active markets.
(b) Level 2 – valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
(c) Level 3 – valuation technique using significant unobservable inputs: financial instruments valued using models where one or more significant inputs are unobservable.

For all financial instruments, the fair value is equal to the carrying value in the statement of financial position, except as analyzed below. The following table presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2016.

	Carrying value	Level 1	Level 2	Level 3
As at 31 December 2016				
Financial Assets				
Finance lease receivables	18,447	-	-	18,540
As at 31 December 2015				
Financial Assets				
Finance lease receivables	19,092	-	-	19,145

The fair value of finance lease receivables is calculated by discounting future minimum lease receivables using appropriate current interest rates.

13 Debtors

	2016 £'000	2015 £'000
Trade receivables	1,558	1,893
Other receivables	-	9
Corporation tax receivable	208	112
VAT recoverable	53	-
	1,819	2,014

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

14 Loans and overdrafts

	£'000	£'000
Unsecured borrowings at amortised cost		
Other loans	2,536	1,894
Loans from fellow group undertakings	18,045	22,740
	20,581	24,634

Analysis of loans and overdrafts
Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2016 £'000	2015 £'000
Due within one year liabilities	3,178	10,430
Due after one year liabilities	17,403	14,204
	20,581	24,634

The directors are consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

15 Financial Instruments - Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. It is mitigated by having a very active used machinery market, active portfolio management and a rigorous pre-deal credit process. In addition intercompany funding is available to fund any cash shortfalls which arise.

The following is a breakdown of the financial maturities of financial liabilities at the balance sheet date.

	2016 £'000	2015 £'000
Payable within one year	3,178	10,430
One to < two years	6,621	724
Two to < five years	10,340	12,915
More than five years	442	565
	20,581	24,634

16 Financial Instruments - Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The Company has minimal foreign currency risk as no financial instruments are held in a foreign currency.

The Company is subject to financial and commercial interest rate risks. The Company prefunds a large percentage of predicted new business with fixed rate loans. This then allows the customer interest rate to track the Company's own borrowing costs.

Market risk is not considered to be material to this Company.

17 Trade creditors and other payables

	Due within one year	
	2016	**2015**
	£'000	**£'000**
Trade creditors	62	(193)
Amounts due to fellow group undertakings	-	170
Accruals and deferred income	218	102
Other creditors	-	68
	280	147

The directors are consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting year.

	ACAs £'000
Deferred tax liability at 1 January 2015	-
Deferred tax asset at 1 January 2015	(699)
Deferred tax movements in prior year	
Credit to profit or loss	(1)
Effect of change in tax rate - profit or loss	88
Deferred tax liability at 1 January 2016	-
Deferred tax asset at 1 January 2016	(612)
Deferred tax movements in current year	
Credit to profit or loss	141
Effect of change in tax rate - profit or loss	62
Other	57
Deferred tax liability at 31 December 2016	-
Deferred tax asset at 31 December 2016	(352)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £'000	2015 £'000
Deferred tax assets	(352)	(612)

19 Called up share capital

	2016 £'000	2015 £'000
Ordinary share capital		
Authorised		
6,600 Ordinary shares of £1 each	6,600	6,600
Issued and fully paid		
6,600 Ordinary shares of £1 each	6,600	6,600

20 Profit and loss account

	£'000
At 1 January 2015	(31)
Profit for the year	1,260
At 31 December 2015	1,229
Profit for the year	634
At 31 December 2016	1,863

21 Fair value of financial assets and liabilities

The Company measures fair values by applying the mark to market yield curve to discount future cashflows of the assets or liabilities. Where fair values are different from carrying amounts, this fact has been disclosed in the relevant notes to the accounts.

22 Contingent liabilities

At the balance sheet date there were no contingent liabilities.

23 Capital risk management

The Company is not subject to externally imposed capital requirements and is dependent on Rabobank to provide necessary capital resources which are therefore managed on a group basis. The Company defines capital as total shareholders' equity. It is the Company's objective to maintain a strong capital base to support the development of its business.

There were no changes to the Company's approach to capital management during the year.

24 Related party transactions

The Company's ultimate parent company prepares consolidated financial statements that are publicly available. Accordingly, the Company has taken advantage of an exemption not to disclose transactions with other entities in Cooperatieve Centrale Raiffeisen Boerenleenbank BA, trading as Rabobank Nederland group.

25 Events after the reporting date

There were no material post balance sheet events.

26 Intermediate and ultimate parent company

The immediate holding company is Cargobull Finance Holding BV, and the ultimate controlling party is Cooperatieve Centrale Raiffeisen Boerenleenbank BA.

The smallest group is which the results of the company are consolidated is that headed by Cargobull Finance Holding BV which is incorporated in The Netherlands. The group financial statements of Cargobull Finance Holding BV can be obtained from Vestdijk 51, PO Box 652, 5600 AR Eindhoven, The Netherlands.

The largest group in which the results of the company are consolidated is that headed by Cooperatieve Centrale Raiffeisen Boerenleenbank BA trading as Rabobank Nederland and incorporated in The Netherlands. The group financial statements of Rabobank Group, which is also the ultimate parent company, may be obtained from Croeselaan 18, Postbus 17100, 3500 HG Utrecht, The Netherlands.

27 Commitments

There were no material commitments held at the balance sheet date.