

Registration number: 005306249

IJM Enterprises Limited

Annual report and financial statements

for the year ended 31 December 2018



IJM Enterprises Limited

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IJM Enterprises Limited

Company information

Directors	D.M. Evans A.R. Williams TP Directors Limited
Company secretary	TPG Management Services Limited
Registered office	Lodge Way House Lodge Way Harlestone Road Northampton NN5 7UG
Auditor	KPMG LLP Statutory Auditor One Snowhill Snow Hill Queensway Birmingham B4 6GH

IJM Enterprises Limited

Directors' report for the year ended 31 December 2018

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2018.

Future developments

An indication of future developments of the business is included in the Strategic report on page 4.

At a Capital Markets Event held in December 2018, the Travis Perkins Group announced its intention to divest its Plumbing & Heating division during 2019. The Group announced in October 2019 that it was pausing the divestment due to the current political and economical environment.

Directors of the Company

The Directors who held office during the year were as follows:

A.D. Buffin (resigned 26 February 2019)

J.P. Carter (resigned 1 May 2019)

D.M. Evans (appointed 14 May 2018)

A.R. Williams

TP Directors Limited

Directors' liabilities

The Company made qualifying third party indemnity provisions for the benefits of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern

On 31 December 2018, the business together with the trade and assets of the Company were transferred to City Plumbing Supplies Holdings Limited and therefore the trading ceased.

As the Directors do not intend to recommence trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 2.

Dividends

The Directors do not recommend the payment of a dividend (2017: £nil).

Political donations

During the year the Company made no political donations nor incurred any political expenditure.

Employees

Details of the Company's policies on disabled employees and employee consultation are given in the Strategic report on page 6.

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

The Company's approach to this issue is set out in greater detail in the Travis Perkins plc Annual Report, which does not form part of this report.

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Directors' report for the year ended 31 December 2018 (continued)

Disclosure of information to the auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditor

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed at the Annual General Meeting.

Approved by the Board on 13/01/2020 and signed on its behalf by:



A.R. Williams
Director

Registered office:

Lodge Way House
Lodge Way
Harlestone Road
Northampton
NN5 7UG

IJM Enterprises Limited

Strategic report for the year ended 31 December 2018

The Directors present their Strategic report for the year ended 31 December 2018.

Principal activities

The Company is a wholly owned subsidiary of Travis Perkins plc, the ultimate parent company.

The principal activity of the Company in 2018 was the sale of bathrooms and related furnishings to the consumer market. The business together with trade and assets were transferred to City Plumbing Supplies Holdings Limited and subsequently the company ceased trading on 31 December 2018.

Review of the business

IJM Enterprises Limited's turnover for the year was £2,758,000 (2017: £4,452,000) and gross profit reduced to £1,019,000 (2017: £1,095,000). Following a number of cost reduction measures, loss before taxation for the year has reduced to £235,000 (2017: £1,765,000). The Directors are satisfied that the Company has made moderate progress in reducing operating losses in tough market conditions.

There have been no events since the balance sheet date which materially affect the position of the Company.

Key performance indicators ('KPIs')

The Travis Perkins plc group (the "Group") manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Plumbing and Heating division of Travis Perkins plc, which includes the Company, is discussed in the Group's Annual Report, which does not form part of this report.

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Strategic report for the year ended 31 December 2018 (continued)

Principal risks and uncertainties

The Company operates in markets and an industry which by their nature are subject to a number of inherent gross risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control. However, regardless of the approach that is taken, the Company has to accept a certain level of risk in order to generate suitable returns for shareholders and for that reason the risk management process is closely aligned to the Company's strategy.

The Group has a risk reporting framework that ensures it has visibility of the Company's key risks, the potential impacts on the Company and how and to what extent those risks are mitigated. As part of its risk management process, the principal risks stated in the risk register are reviewed, challenged and updated by the Group Board and monitored throughout the year. The Company maintains a separate risk register. The Group's risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

In common with most large organisations the Company is subject to general commercial risks; for example, political and economic developments, changes in the cost of goods for resale, increased competition in its markets and the threat of emerging and disruptive competitors, material failures in the supply chain, failure to secure supply of goods for resale on competitive terms, cyber-security breaches and failure of the IT infrastructure.

The risk environment in which the Company operates does not remain static. During the year, the Directors have reviewed the principal risks and have concluded that as the nature of the business and the environment in which it operates remain broadly the same, the principal risks it faces are largely unchanged. However, some previously identified risks in respect of business transformation have considerable overlap and so they have been combined, whilst the Directors have also concluded that with so many stakeholders interacting with operations, health and safety risk should be described separately from other legislative risk.

The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Company's future operating results, financial condition or prospects.

Set out below, in no particular order, are the current principal risks that are considered by the Board to be material. Their potential impacts and the factors that mitigate them are detailed in the Travis Perkins plc Annual Report & Accounts. These key risks have been determined for the Group and are considered applicable to the Company:

- Changing customer and competitor landscape
- Colleague recruitment, retention and succession plans do not deliver the required skills and experience
- Supplier dependency, relationship and disintermediation leading to adverse impacts on ranging and price
- Unsafe practices result in harm to colleagues, customers, suppliers or the public
- Business transformation and improvement projects fail to deliver the expected benefits, cost more or take longer to implement than anticipated
- Uncertainty caused by the UK's decision to leave the European Union
- Market conditions leading to demand uncertainty
- Execution of planned disposals and potential acquisitions fails to deliver the expected benefits to the expected cost and timescale
- Data security
- The changing regulatory framework increases the risk of non-compliance and fines

IJM Enterprises Limited

Strategic report for the year ended 31 December 2018 (continued)

Corporate responsibility

Environmental matters

The Travis Perkins plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency, reducing the amount of CO2 emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Company employees

Details of the number of employees and related costs can be found in note 8 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company's employment policies have been designed to meet the needs of its business, and follow best practice whilst complying with both current and anticipated legislation. Applied consistently throughout the Company they provide a fair framework within which employees work.

The Company is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Its equal opportunities policy is designed to ensure that no person or group of individuals will be treated less favourably because of their race, colour, ethnic origin, gender or sexual orientation, age or disability.

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

Approved by the Board on 13/01/2020 and signed on its behalf by:



A.R. Williams
Director

IJM Enterprises Limited

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

IJM Enterprises Limited

Independent Auditor's Report to the Members of IJM Enterprises Limited

Opinion

We have audited the financial statements of IJM Enterprises Limited ('the Company') for the year ended 31 December 2018, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other Matter

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

IJM Enterprises Limited

Independent Auditor's Report to the Members of IJM Enterprises Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

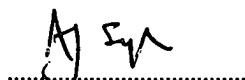
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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Independent Auditor's Report to the Members of IJM Enterprises Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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



.....
Anthony Sykes (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 14/01/2020

IJM Enterprises Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	2,758	4,452
Cost of sales		<u>(1,739)</u>	<u>(3,357)</u>
Gross profit		<u>1,019</u>	<u>1,095</u>
Selling and distribution costs		<u>(466)</u>	<u>(479)</u>
Adjusting items		-	(89)
Other administrative expenses		<u>(788)</u>	<u>(2,292)</u>
Administrative expenses		<u>(788)</u>	<u>(2,381)</u>
Operating loss	5	<u>(235)</u>	<u>(1,765)</u>
Loss before taxation		(235)	(1,765)
Tax credit on loss	9	<u>35</u>	<u>317</u>
Loss and total comprehensive income for the year		<u><u>(200)</u></u>	<u><u>(1,448)</u></u>

The above results were derived from continuing operations.

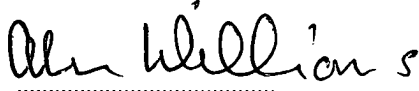
IJM Enterprises Limited

Balance sheet as at 31 December 2018

	Note	2018 £000	2017 £000
Current assets			
Stocks	11	-	727
Debtors	12	498	493
Cash at bank and in hand		-	535
		498	1,755
Creditors: amounts falling due within one year	13	-	(6,615)
Net assets/(liabilities)		498	(4,860)
Capital and reserves			
Called up share capital	16	-	-
Share premium account	17	-	13,444
Profit and loss account	17	498	(18,304)
Total equity		498	(4,860)

The notes on pages 14 to 23 form an integral part of these financial statements.

The financial statements of IJM Enterprises Limited, registered number 005306249, were approved and authorised by the Board on 13/01/2020 and signed on its behalf by:



A.R. Williams
Director

IJM Enterprises Limited

Statement of changes in equity for the year ended 31 December 2018

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 January 2017	-	13,444	(16,856)	(3,412)
Loss for the year	-	-	(1,448)	(1,448)
At 31 December 2017	-	13,444	(18,304)	(4,860)
Loss for the year	-	-	(200)	(200)
Capitalisation of reserves	-	5,558	-	5,558
Cancellation of share premium account	-	(19,002)	19,002	-
At 31 December 2018	-	-	498	498

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018

1 General information

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 6.

2 Accounting policies

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (as amended following its Triennial review in 2017).

Basis of preparation

These financial statements have been prepared using the historical cost convention, except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, in December 2018 the directors took the decision to cease trading as part of the simplification strategy of the Travis Perkins Group.

Accordingly the directors have not prepared the financial statements on a going concern basis. This has involved writing down the Company's assets to their recoverable amount and providing for contractual commitments that have become onerous at the balance sheet date.

Financial instruments

Recognition and measurement

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

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average method.

Cost 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 sell; the impairment loss is recognised immediately in the profit and loss account.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

a) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset (other than goodwill) to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

b) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

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 the profit and loss account on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

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

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Defined contribution pension obligation

The Company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions.

The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Supplier income

Supplier income comprises fixed price discounts, volume rebates and customer sales support.

Fixed price discounts and volume rebates received and receivable in respect of goods which have been sold are initially deducted from the cost of inventory and therefore reduce cost of sales in the profit and loss account when the goods are sold. Where goods on which the fixed price discount or volume rebate has been earned remain in inventory at the year-end, the cost of that inventory reflects those discounts and rebates (see stock accounting policy).

The Company receives customer sales support payments that are made entirely at the supplier's option, that are requested by the Company when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed. All customer sales support receipts received and receivable are deducted from cost of sales when the sale to the third party has been completed, i.e. when the customer sales support payment has been earned.

Supplier income receivable is netted off against trade creditors when there is a legally binding arrangement in place and it is management's intention to do so, otherwise amounts are included in other debtors in the balance sheet.

Other promotional arrangements are not significant.

Customer rebates

Where the Company has rebate agreements with its customers, the value of customer rebates paid or payable, calculated in accordance with the agreements in place, is deducted from turnover in the year in which the rebate is earned.

Revenue recognition

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

3 Critical accounting judgements and key sources of estimation uncertainty

These financial statements have been prepared in accordance with the Company's accounting policies, which are described in note 2. The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments where facts and circumstances dictate.

Due to the simplicity of the company's operations, there are no critical accounting judgements and estimates made in the preparation of these financial statements.

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

4 Revenue

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

All turnover (2017: all turnover) is generated from the sale of goods.

5 Operating loss

Operating loss is stated after charging:

	2018 £000	2017 £000
Foreign exchange losses	7	2
Operating lease expense - plant and equipment	36	29
Inventory recognised as an expense	1,739	3,357
Adjusting items	<u>-</u>	<u>89</u>

In October 2016, as a result of economic uncertainty the Group announced a number of cost reduction measures. The exceptional items charge for 2017 of £89,000 consists of associated property and stock provisions, redundancy and other costs incurred by the Company and an impairment charge against tangible fixed assets.

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>7</u>	<u>6</u>

These fees were borne by another group company. Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided by the auditor directly to the Company in either the current or prior year.

7 Directors' remuneration

Four (2017: three) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £2,985,000 (2017: £3,907,000), pension contributions of £459,000 (2017: £10,000) and performance-related bonus of £nil (2017: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of these Directors, two (2017: one) is contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

Four Directors paid by another group company exercised share options during the year (2017: three).

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Staff costs

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

	2018	2017
	No.	No.
Administration and support	1	18
Sales	9	8
Distribution	-	11
	<u>10</u>	<u>37</u>

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

	2018	2017
	£000	£000
Wages and salaries	429	1,109
Social security costs	25	71
Pension costs	3	9
	<u>457</u>	<u>1,189</u>

9 Tax

Tax charged/(credited) in the profit and loss account

	2018	2017
	£000	£000
Current taxation		
UK corporation tax	(46)	(319)
Deferred taxation		
Origination and reversal of timing differences	1	2
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	10	-
Total deferred taxation	<u>11</u>	<u>2</u>
Tax credit in the income statement	<u>(35)</u>	<u>(317)</u>

The tax credit on loss before tax for the year is lower than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Tax (continued)

	2018 £000	2017 £000
Loss before tax	(235)	(1,765)
Corporation tax at standard rate	(45)	(340)
Effect of expenses not deductible for tax purposes	-	1
Increase in UK current tax from adjustment for prior periods	10	22
Total tax credit	(35)	(317)

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

This reduction to the UK Corporation tax rate was substantively enacted as part of the Summer Finance Bill 2015 on 26 October 2015 and the 2016 Finance Bill on 15 September 2016. A further reduction will reduce the main rate to 17% from 1 April 2020. The deferred tax assets and liabilities at the balance sheet date have been measured using these enacted rates in these financial statements.

10 Disposal

On 31 December 2018 the trade and assets of the company were acquired by City Plumbing Supplies Holdings Limited for the consideration of £0.5m which is included in the intercompany debtors. Total net assets disposed of was £0.5m including £0.5m of stock, £0.9m of cash, £0.1m of debtors and £1.0m of creditors.

The net assets disposed of were as follows:

	2018 £000
Stock	464
Debtors	57
Creditors	(980)
Cash	922
	463

11 Stocks

Stocks consist of goods for resale.

Stocks are stated after provisions for impairment of £nil (2017: £810,000).

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Debtors

	2018 £000	2017 £000
Other debtors	-	134
Amounts owed by group undertakings	474	-
Deferred tax asset (note 14)	-	18
Corporation tax receivable	24	341
	<u>498</u>	<u>493</u>

13 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	-	733
Amounts due to group undertakings	-	5,558
Other payables	-	324
	<u>-</u>	<u>6,615</u>

Amounts owed to group undertakings include loans and trade balances. The loans are interest free and have no fixed date for repayment.

14 Deferred tax asset

	2018 £000
At 1 January	18
Reduction in asset recognised in profit and loss account	(11)
Transfer to City Plumbing Supplies Holdings Limited	(7)
At 31 December	<u>-</u>

	Provided 2018 £000	2017 £000
Capital allowances in excess of depreciation	<u>-</u>	<u>18</u>

The Directors regard the deferred tax asset to be recoverable as, on the basis of all available evidence, it can be regarded as more than likely that there will be sufficient future taxable profits from which the future reversal of the underlying timing differences can be deducted.

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

15 Pension schemes

The Company's employees are able to contribute to the Travis Perkins Pension Plan (the "Plan"). The Plan is a defined contribution scheme. Contributions of £3,000 (2017: £9,000) were made to the plan scheme during the year.

16 Share capital

Allotted, called up and fully paid shares

	No.	2018 £000	No.	2017 £000
Ordinary shares of £0.000001 each	<u>1</u>	<u>-</u>	<u>8,408,588</u>	<u>0.01</u>

Rights, preferences and restrictions

The Company's issued share capital was reduced in December 2018 to one ordinary share of £0.000001 with the reduction credited to reserves.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17 Reserves

In December 2018, the Company's share premium reserve was cancelled and credited to reserves.

The profit and loss account represents cumulative profits or losses.

18 Contingent liabilities

A £30.0m (2017: £30.0m) overdraft facility advanced to the Group is guaranteed by the Company, along with other group companies. At the year-end the overdraft facility was not utilised.

Along with other group companies the Company is also guarantor of certain agreements entered into during the normal course of business by the Group which at the year-end totalled approximately £25m (2017: £22m).

Further details of the Group's borrowings are given in the financial statements of Travis Perkins plc.

19 Commitments

Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases:

IJM Enterprises Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

19 Commitments (continued)

	2018 £000	2017 £000
Not later than one year	-	25
Later than five years	-	-
	<u>-</u>	<u>25</u>

20 Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Travis Perkins plc.

21 Parent and ultimate parent undertaking

The immediate and ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Travis Perkins plc, a company registered in England and Wales.

Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.