

Company Registration No. 00697292 (England and Wales)

NORJAC LTD.

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PAGES FOR FILING WITH REGISTRAR

NORJAC LTD.

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NORJAC LTD.**BALANCE SHEET****AS AT 31 DECEMBER 2017**

| | Notes | 2017 £ | £ | 2016 £ | £ |
|--|-------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 4 | | 512,167 | | 516,778 |
| Current assets | | | | | |
| Stocks | 5 | 910,494 | | 722,443 | |
| Debtors | 6 | 98,113 | | 105,261 | |
| Cash at bank and in hand | | 9,506 | | 2,888 | |
| | | <u>1,018,113</u> | | <u>830,592</u> | |
| Creditors: amounts falling due within one year | 7 | <u>(1,369,502)</u> | | <u>(1,095,394)</u> | |
| Net current liabilities | | | <u>(351,389)</u> | | <u>(264,802)</u> |
| Total assets less current liabilities | | | 160,778 | | 251,976 |
| Creditors: amounts falling due after more than one year | 8 | | (8,854) | | (19,590) |
| Net assets | | | <u>151,924</u> | | <u>232,386</u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 100 | | 100 |
| Revaluation reserve | 10 | | 315,520 | | 316,631 |
| Profit and loss reserves | | | <u>(163,696)</u> | | <u>(84,345)</u> |
| Total equity | | | <u>151,924</u> | | <u>232,386</u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

NORJAC LTD.

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2017

The financial statements were approved by the board of directors and authorised for issue on 24 September 2018 and are signed on its behalf by:

Mr R E G Titterington
Director

Mrs E H Titterington
Director

Mr W N Titterington
Director

Company Registration No. 00697292

NORJAC LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Norjac Ltd. is a private company limited by shares incorporated in England and Wales. The registered office is Richard House, 9 Winckley Square, Preston, PR1 3HP.

The place of business of the company is Scotland Road, Carnforth, Lancashire, LA5 9JZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has made a loss in the year as trading conditions have been difficult in recent years. As a result the level of distributable reserves at the year end has decreased. However the directors have confirmed their continuing support for the company, and therefore consider it appropriate for the financial statements to be prepared on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for sale of motor vehicles, related parts and service net of VAT and trade discounts.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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.

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

| | |
|------------------------------|--|
| Land and buildings Freehold | Cost less residual value over 40 years straight line |
| Land and buildings Leasehold | Over lease term |
| Plant and machinery | 12.5% & 20% on written down value |

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 credited or charged to profit or loss.

NORJAC LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand and at bank. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NORJAC LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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. 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.

NORJAC LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. 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 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including 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.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 21 (2016 - 24).

3 Taxation

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Deferred tax | | |
| Origination and reversal of timing differences | (15,899) | (11,105) |

4 Tangible fixed assets

| | Land and buildings Freehold £ | Land and buildings Leasehold £ | Plant and machinery £ | Total £ |
|--|--|---|-----------------------------|------------|
| Cost or valuation | | | | |
| At 1 January 2017 and 31 December 2017 | 520,000 | 9,001 | 125,607 | 654,608 |
| Depreciation and impairment | | | | |
| At 1 January 2017 | 14,192 | 9,001 | 114,637 | 137,830 |
| Depreciation charged in the year | 2,500 | - | 2,111 | 4,611 |
| At 31 December 2017 | 16,692 | 9,001 | 116,748 | 142,441 |
| Carrying amount | | | | |
| At 31 December 2017 | 503,308 | - | 8,859 | 512,167 |
| At 31 December 2016 | 505,808 | - | 10,970 | 516,778 |

NORJAC LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****4 Tangible fixed assets****(Continued)**

The freehold property was revalued at £520,000 in May 2014 by Hyde Harrington, Chartered Surveyors, on the basis of its current use.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

| | 2017 £ | 2016 £ |
|--------------------------|----------------|----------------|
| Cost | 301,387 | 301,387 |
| Accumulated depreciation | (113,599) | (112,210) |
| Carrying value | <u>187,788</u> | <u>189,177</u> |

The revaluation surplus is disclosed in note 10.

5 Stocks

| | 2017 £ | 2016 £ |
|----------------------|----------------|----------------|
| Parts | 96,339 | 73,859 |
| New/Demo Vehicles | 227,139 | 221,562 |
| Used Vehicles | 160,310 | 101,489 |
| Consignment Vehicles | <u>426,706</u> | <u>325,533</u> |
| | <u>910,494</u> | <u>722,443</u> |

Legal ownership of the consignment stock is retained by Spitalgate Dealer Services Ltd. Norjac Ltd has possession of the vehicles solely as bailee as no effective purchase payment has been made. However, the company must bear the risks and rewards of ownership once the aforementioned stock is unloaded at its premises. As such, the vehicles are considered assets of the company and should be included in its balance sheet.

6 Debtors

| | 2017 £ | 2016 £ |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 9,284 | 52,495 |
| Other debtors | 26,813 | 8,083 |
| Prepayments and accrued income | <u>7,512</u> | <u>6,078</u> |
| | <u>43,609</u> | <u>66,656</u> |

NORJAC LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017****6 Debtors (Continued)**

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Amounts falling due after more than one year: | | |
| Deferred tax asset | 54,504 | 38,605 |
| | <u> </u> | <u> </u> |
| Total debtors | <u>98,113</u> | <u>105,261</u> |

7 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts | 148,326 | 220,026 |
| Trade creditors | 49,762 | 49,983 |
| Other taxation and social security | 41,675 | 49,600 |
| Other creditors | 1,086,481 | 739,693 |
| Accruals and deferred income | 43,258 | 36,092 |
| | <u>1,369,502</u> | <u>1,095,394</u> |

The bank loans and overdrafts of £148,326 (2016: £220,026), vehicle stocking loans of £434,003 (2016: £289,281) and vehicle consignment stock loans of £426,706 (2016: £325,533) are secured by fixed and floating charges over the undertaking and all of its property and assets.

A director of the company has in place a personal guarantee limited to £110,000 against the bank borrowings.

8 Creditors: amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|---------------------------|-------------------|-------------------|
| Bank loans and overdrafts | 8,854 | 19,590 |
| | <u> </u> | <u> </u> |

The bank loans of £8,854 (2016: £19,590) are secured by fixed and floating charges over the undertaking and all of its property and assets.

A director of the company has in place a personal guarantee limited to £110,000 against the bank borrowings.

NORJAC LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****9 Called up share capital**

| | 2017 | 2016 |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 40 A Ordinary of £1 each | 40 | 40 |
| 40 B Ordinary of £1 each | 40 | 40 |
| 20 C Ordinary of £1 each | 20 | 20 |
| | <u>100</u> | <u>100</u> |

All classes of shares rank pari passu in all respects save that directors may at any time resolve to declare a dividend on one class of share and not another.

10 Revaluation reserve

| | 2017 | 2016 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| At beginning of year | 316,631 | 317,742 |
| Transfer to retained earnings | (1,111) | (1,111) |
| At end of year | <u>315,520</u> | <u>316,631</u> |

11 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| | 2017 | 2016 |
|--|--------------|--------------|
| | £ | £ |
| | <u>1,525</u> | <u>2,377</u> |

12 Related party transactions**Remuneration of key management personnel**

| | 2017 | 2016 |
|------------------------|---------------|---------------|
| | £ | £ |
| Aggregate compensation | <u>55,866</u> | <u>47,094</u> |

The key management personnel of the company are considered to be the directors of the company therefore the amounts disclosed above also represent directors remuneration for the year.

NORJAC LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

12 Related party transactions

(Continued)

Transactions with related parties

During the year the directors received dividends totalling £nil (2016: £19,617) on their ordinary shareholdings.

At the year end the directors had loan account balances due from the company totalling £215,506 (2016: £76,690). These amounts are included within other creditors falling due within one year and no interest has been charged to the company on these loans.

Transactions with companies under common ownership during the year included sales of £19,506 (2016: £15,378), purchases of £13,456 (2016: £10,862) and management charges incurred of £1,474 (2016: £1,452). At the year end, the company was owed £10,304 (2016: £8,083) from these parties.

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