

COMPANIES HOUSE COPY

Registered number: 01269717

INTERNATIONAL MOTORS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

INTERNATIONAL MOTORS LIMITED

COMPANY INFORMATION

DIRECTORS

Lord Edmiston
A M Edmiston
G E Hutton

COMPANY SECRETARY

A G Clarke

REGISTERED NUMBER

01269717

REGISTERED OFFICE

I M House
South Drive
Coleshill
Warwickshire
United Kingdom
B46 1DF

INDEPENDENT AUDITOR

BDO LLP
Two Snow Hill
Birmingham
B4 6GA

INTERNATIONAL MOTORS LIMITED

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INTERNATIONAL MOTORS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company continued to be that of a holding and management company to the International Motors Group of companies.

Turnover has decreased to £30.9m (2015 - £37.1m). Profit on ordinary activities before taxation has decreased to £14.8m (2015 - £30.9m).

Turnover includes recharge of management, administration and marketing services to the company's trading subsidiaries. Turnover also includes sales of used vehicles.

The directors regard the gross margin percentage return on sales as a key performance indicator, and this decreased in the year to 68.7% from 70.1%.

The company's performance is highly reliant on the automotive sector, in which the majority of its subsidiaries operate. The company operates the treasury and certain central functions on behalf of its subsidiaries.

The company intends to expand both through growth of its current activities and acquisition of suitable complementary businesses. The directors consider it important for the company to retain its cash and short-term resources to finance such opportunities when they arise.

The company has continued to fund its defined pension benefit scheme, which is closed to new members and future accrual of benefit. The pension liability has increased from £3.9m at 31 December 2015 to £9.5m at 31 December 2016.

INTERNATIONAL MOTORS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

The company has an established, structured approach to risk management. The company's activities expose it to a variety of financial risks, including the effects of market changes, credit, liquidity, cash flow and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner.

The company is exposed to market risk as a result of its operations, particularly relating to the demand for its products and services. However, the directors consider that they are close enough to the market to be able to react quickly to changes and hence the impact on the company's performance.

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The company performs ongoing credit evaluation of its customers' financial condition and has implemented policies that require appropriate credit checks on potential customers before sales are made, monitoring of accounts and prompt collection of outstanding balances.

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. The company is a subsidiary of the IM Group Limited, group of companies. The group's cash resources are managed centrally to ensure that group companies have sufficient liquid assets to meet their obligations as they fall due.

Liquidity is maintained at a prudent level through management of group resources and the company ensures there is an adequate liquidity buffer to cover contingencies. The group maintains sufficient cash and open committed credit lines from its bankers and group funding opportunities in order to meet its funding requirements and monitors cash flow as part of its day to day control procedures.

This report was approved by the board and signed on its behalf.


G E Hutton
Director

Date 5 June 2017

INTERNATIONAL MOTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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

RESULTS AND DIVIDENDS

The Statement of Comprehensive Income is set out on page 7 and shows the profit for the year.

A dividend on preference shares of £1,238 (2015 - £1,238) was paid during the year.

An interim ordinary dividend of £29,998,762 (2015 - £9,998,762) was paid during the year. The directors do not recommend the payment of a final dividend (2015 - £Nil).

FINANCIAL INSTRUMENTS

Information regarding financial instruments is set out within the Strategic Report on page 1.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £162,267 (2015 - £116,863).

DIRECTORS

The directors who served during the year were:

Lord Edmiston
A M Edmiston
G E Hutton

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERNATIONAL MOTORS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITOR

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

This report was approved by the board and signed on its behalf.



G E Hutton
Director

Date 5 JUNE 2017

INTERNATIONAL MOTORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERNATIONAL MOTORS LIMITED

We have audited the financial statements of International Motors Limited for the year ended 31 December 2016 which comprise of the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the statement of directors' responsibilities, 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). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion 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.

OPINION 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 directors' report have been prepared in accordance with applicable legal requirements.

INTERNATIONAL MOTORS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERNATIONAL MOTORS LIMITED
(CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of our knowledge and understanding of the company and its environment obtained in the course of the audit we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

BDO LLP

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date

8 Feb 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INTERNATIONAL MOTORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	3	30,923,348	37,073,208
Cost of sales		(9,675,243)	(10,649,168)
Gross profit		21,248,105	26,424,040
Administrative expenses		(12,626,484)	(11,621,062)
Operating profit	4	8,621,621	14,802,978
Income from fixed assets investments	7	-	9,753,646
Interest receivable and similar income	8	8,196,424	7,166,303
Interest payable and similar charges	9	(1,996,997)	(815,026)
Profit on ordinary activities before taxation		14,821,048	30,907,901
Taxation on profit on ordinary activities	10	(1,525,476)	(5,149,145)
Profit for the financial year		13,295,572	25,758,756
Other comprehensive income for the year			
Actuarial (losses)/gains on defined benefit pension scheme	21	(6,405,000)	2,713,000
Movement of deferred tax relating to pension deficit		826,500	(982,000)
Other comprehensive income for the year		(5,578,500)	1,731,000
Total comprehensive income for the year		7,717,072	27,489,756


The notes on pages 10 to 31 form part of these financial statements.

INTERNATIONAL MOTORS LIMITED
REGISTERED NUMBER: 01269717

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible fixed assets	12	331,869	321,789
Fixed asset investments	13	13,245,577	18,819,746
		<u>13,577,446</u>	<u>19,141,535</u>
Current assets			
Stocks	14	888,015	371,707
Debtors: Amounts falling due within one year	15	150,353,590	192,910,120
Bank and cash balances		75,793,054	39,203,771
		<u>227,034,659</u>	<u>232,485,598</u>
Current liabilities			
Creditors: Amounts falling due within one year	16	(99,300,153)	(93,637,253)
Net current assets		<u>127,734,506</u>	<u>138,848,345</u>
Total assets less current liabilities		<u>141,311,952</u>	<u>157,989,880</u>
Pension liability	21	(9,503,000)	(3,898,000)
Net assets		<u>131,808,952</u>	<u>154,091,880</u>
Capital and reserves			
Called up share capital	19	6,232	6,232
Profit and loss account		131,802,720	154,085,648
		<u>131,808,952</u>	<u>154,091,880</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


G E Hutton
 Director

Date: 5 JUNE 2017

The notes on pages 10 to 31 form part of these financial statements.

INTERNATIONAL MOTORS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Retained earnings post 1 May 2016 £	Retained earnings pre 30 April 2016 £	Total equity £
At 1 January 2015	6,232	-	136,595,892	136,602,124
Profit for the year	-	-	25,758,756	25,758,756
Actuarial gains on pension scheme	-	-	2,713,000	2,713,000
Movement in deferred tax relating to pension deficit	-	-	(982,000)	(982,000)
Dividends paid	-	-	(10,000,000)	(10,000,000)
At 1 January 2016	6,232	-	154,085,648	154,091,880
Profit for the year	-	-	13,295,572	13,295,572
Actuarial losses on pension scheme	-	-	(6,405,000)	(6,405,000)
Movement in deferred tax relating to pension deficit	-	-	826,500	826,500
Transfer of retained earnings	-	3,615,488	(3,615,488)	-
Dividends paid	-	-	(30,000,000)	(30,000,000)
At 31 December 2016	6,232	3,615,488	128,187,232	131,808,952

The notes on pages 10 to 31 form part of these financial statements.

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

International Motors Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of I.M. Group Limited as at 31 December 2016 and these financial statements may be obtained from Companies House.

1.3 GROUP FINANCIAL STATEMENTS

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by Section 400 of the Companies Act 2006 as it is a subsidiary undertaking of I.M. Group Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

1.4 TURNOVER

Turnover represents management charges invoiced excluding value added tax, sales of second hand vehicles and services undertaken for related group undertakings. Turnover is recognised when goods and services are invoiced.

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.5 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following basis:

Plant and machinery	- 10 - 33% straight line per annum
Motor vehicles	- 10 - 40% straight line per annum
Fixtures and fittings	- 10 - 25% straight line per annum
Computer equipment	- 10 - 33% straight line per annum

- The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.6 INVESTMENTS

Fixed assets investments are stated at cost less any provision for impairment in value.

1.7 STOCKS

Stocks are stated at the lower of cost and net realisable value. Net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit or loss.

1.8 FINANCIAL INSTRUMENTS

Financial assets and liabilities that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

1.9 DERIVATIVE INSTRUMENTS

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and subsequently re-measured to fair value at each reporting date. Fair value gains and losses are recognised in the Statement of Comprehensive Income.

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (CONTINUED)**1.10 FOREIGN CURRENCY TRANSLATION****Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The company financial statements are prepared in 'sterling' which is the company's financial and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

1.11 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (CONTINUED)**1.12 PENSIONS**

The company is a member of the International Motors Limited Retirement Benefits Scheme, a defined benefit scheme, and a separately administered defined contribution scheme. The defined benefit scheme is a funded group scheme, now closed to future accrual of benefit as of 31 December 2012. Details of the particulars of the actuarial valuation of the group scheme on an FRS 102 basis are contained in note 21.

The difference between the fair value of assets held in the company's defined benefit scheme and the scheme's liabilities measured on an actuarial basis using the progressed unit method are recognised in the company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any deferred tax implications.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the company are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 102.

The amount charged to the Statement of Comprehensive Income in respect of the company's share of the group's separately administered, defined contribution, pension scheme is the contributions payable in the year.

1.13 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (CONTINUED)**1.14 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in Other Comprehensive Income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.15 SHARE CAPITAL AND RESERVES

Share capital represents the nominal value of shares in issue.

Retained earnings is the cumulative comprehensive income less items recognised in other equity reserves, net of distribution to owners.

Company retained earnings generated prior to 30 April 2016 have been ring fenced in a separately identifiable reserve on the Statement of Changes in Equity. These reserves remain distributable.

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, the directors have made the following judgements:

- Determine whether there are any indications of impairment of the amounts due from group undertakings. Factors taken into consideration in reaching such a decision include the financial position and the expected future financial performance of that entity.
- Determine whether there are any indications of impairment of the carrying value of the company's investment in subsidiaries. Factors taken into consideration in reaching such a decision include the financial position and expected future financial performance of those subsidiary entities.

Other key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Stock is stated at the lower of cost or net realisable value, the company uses judgement and estimates to determine the net realisable value of stock at the end of each financial reporting period.
- At each reporting date, the fair values of forward contracts are assessed against the carrying value of the financial asset or financial liability. The directors' estimate the fair value of forward contracts by reference to market value to settle the contract which is provided by the company's bank. The fair value movement is recognised immediately in the statement of comprehensive income.

3. TURNOVER

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

4. OPERATING PROFIT

The operating profit is stated after charging/ (crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	258,550	232,197
Provision for impairment of fixed asset investment	285,057	1,206,000
Foreign exchange (gains)/losses	(3,009,839)	275,463
Movement in fair value of derivative	480,061	(579,384)
Auditors remuneration fees for audit services	115,000	118,661

Auditors remuneration relates to audit services in respect of the company and its UK subsidiaries.

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	4,347,963	4,394,408
Social security costs	475,138	330,742
Redundancy costs	11,000	-
Cost of defined contribution scheme	371,996	238,750
	<u>5,206,097</u>	<u>4,963,900</u>

The average number of employees (including the directors) during the year were 120 (2015 - 117).

6. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	<u>175,549</u>	<u>151,375</u>

7. INCOME FROM INVESTMENTS

	2016 £	2015 £
Dividend receivable	<u>-</u>	<u>9,753,646</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Interest receivable from group companies	4,274,750	5,831,216
Bank interest receivable	674,039	755,703
Foreign currency gains	3,247,635	-
Movement in fair value of derivative	-	579,384
	<u>8,196,424</u>	<u>7,166,303</u>

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	14	261,563
Interest payable to group companies	1,127,126	-
Foreign currency losses	237,796	275,463
Movement in fair value of derivative	480,061	-
Other interest payable	152,000	278,000
	<u>1,996,997</u>	<u>815,026</u>

10. TAXATION

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	3,310,000	4,026,245
Adjustments in respect of previous periods	(1,616,524)	952,074
Total current tax	<u>1,693,476</u>	<u>4,978,319</u>
Deferred tax		
Current year timing differences	(165,325)	266,126
Adjustment in respect of previous periods	(2,675)	(95,300)
Total deferred tax	<u>(168,000)</u>	<u>170,826</u>
Taxation on profit on ordinary activities	<u>1,525,476</u>	<u>5,149,145</u>

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>14,821,048</u>	<u>30,907,901</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	<u>2,964,210</u>	6,258,850
Effects of:		
Income not eligible for tax purposes	-	(1,975,113)
Expenses not deductible for tax purposes	382,670	788,775
Adjustments to tax charge in respect of prior periods	(1,616,524)	891,534
Adjustments to tax charge in respect of prior periods - deferred tax	(2,675)	-
Other timing differences	(436,500)	(814,901)
Impact of different deferred tax rates	234,295	-
Total tax charge for the year	<u><u>1,525,476</u></u>	<u><u>5,149,145</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Chancellor has announced a reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. This change became substantively enacted on 16 March 2016 and therefore the effect of the rate reductions has been reflected in the calculation of the deferred tax asset as it was substantively enacted prior to the balance sheet date.

11. DIVIDENDS

	2016 £	2015 £
Dividends paid on ordinary shares of £4,814 per share (2015: £1,604)	29,998,762	9,998,762
Dividends paid on preference shares of £0.15 per share (2015: £0.15)	1,238	1,238
	<u><u>30,000,000</u></u>	<u><u>10,000,000</u></u>

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 January 2016	838,242	171,203	551,582	2,376,420	3,937,447
Additions	48,711	19,266	22,433	180,470	270,880
Disposals	-	(29,203)	-	-	(29,203)
At 31 December 2016	886,953	161,266	574,015	2,556,890	4,179,124
DEPRECIATION					
At 1 January 2016	744,875	150,164	527,179	2,193,440	3,615,658
Charge for the year	40,367	13,371	16,652	188,160	258,550
Disposals	-	(26,953)	-	-	(26,953)
At 31 December 2016	785,242	136,582	543,831	2,381,600	3,847,255
NET BOOK VALUE					
At 31 December 2016	101,711	24,684	30,184	175,290	331,869
At 31 December 2015	93,367	21,039	24,403	182,980	321,789

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Shares in associated undertakings £	Loans to associated undertakings £	Total £
COST				
At 1 January 2016	11,752,404	490	12,735,347	24,488,241
Repayments	-	-	(5,289,112)	(5,289,112)
At 31 December 2016	11,752,404	490	7,446,235	19,199,129
IMPAIRMENT				
At 1 January 2016	5,668,495	-	-	5,668,495
Charge for the period	285,057	-	-	285,057
At 31 December 2016	5,953,552	-	-	5,953,552
NET BOOK VALUE				
At 31 December 2016	5,798,852	490	7,446,235	13,245,577
At 31 December 2015	6,083,909	490	12,735,347	18,819,746

In the opinion of the directors, the aggregate value of the company's realisable investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Associated undertakings represent undertakings in which the company has a participating interest.

The loans to associated undertakings relate to the subordinated loan to International Motors Finance Limited (IMFL), which is interest free and only repayable subsequent to the discharge of debt in favour of all creditors of IMFL.

During the year International Motors Finance Limited opted to make loan repayments of £5,289,112.

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

SUBSIDIARY UNDERTAKINGS

Name	Country of incorporation	Class	Holding %	Principal activity
Subaru (UK) Limited (1)	England & Wales	Ordinary	100	Vehicle distribution
Isuzu (UK) Limited (1)	England & Wales	Ordinary	100	Vehicle distribution
Great Wall Motor Distributors (UK) Limited (1)	England & Wales	Ordinary	100	Vehicle distribution
Daihatsu Vehicle Distributors Limited (1)	England & Wales	Ordinary	100	Vehicle distribution
I.M. Parts and Service Limited (1)	England & Wales	Ordinary	100	Vehicle parts sales
I.M. Trade Assist Limited (1)	England & Wales	Ordinary	100	Technical support and consultancy
I.M. UK Trade Company Limited* (1)	England & Wales	Ordinary	100	Vehicle cleaning product distribution
I.M. Truck Limited (2)	Guernsey	Ordinary	100	Non-trading company
I.M. Automotive Limited (3)	Ireland	Ordinary	100	Vehicle distribution/ property management
International Motors (Ireland) Limited (3)	Ireland	Ordinary	100	Holding and management
I.M. European Motors Limited* (4)	Ireland	Ordinary	100	Vehicle distribution and retail
Great Wall Motors Limited (3)	Ireland	Ordinary	100	Vehicle distribution
International Motors (Nordic) AB (5)	Sweden	Ordinary	100	Holding and management
Great Wall Motors Nordic AB* (5)	Sweden	Ordinary	100	Vehicle distribution
Subaru Nordic AB* (5)	Sweden	Ordinary	100	Vehicle distribution
Isuzu Sverige AB* (5)	Sweden	Ordinary	100	Vehicle distribution
I.M. Properties Nordic AB* (5)	Sweden	Ordinary	100	Letting of industrial properties
Beijing I.M. Trade Consultancy Co. Ltd* (6)	China	Ordinary	100	Consultancy
Beijing VCA Technology Service Co. Ltd* (6)	China	Ordinary	100	Consultancy
Beijing I.M. Trading Co. Ltd* (6)	China	Ordinary	100	Vehicle parts sales

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

DORMANT COMPANIES

I.M. Finance Limited (1)	England & Wales	Ordinary	100	Dormant
KVD Limited (1)	England & Wales	Ordinary	100	Dormant
International Motors Parts and Service Limited (1)	England & Wales	Ordinary	100	Dormant
Great Wall Automobiles (UK) Limited (1)	England & Wales	Ordinary	100	Dormant
Alexandra Cars Limited (1)	England & Wales	Ordinary	100	Dormant
I.M. Distribution Limited (1)	England & Wales	Ordinary	100	Dormant
Mahindra Cars Distributors (UK) Limited (1)	England & Wales	Ordinary	100	Dormant
I.M. Equipment Limited (1)	England & Wales	Ordinary	100	Dormant
I.M. Financial Services Limited (1)	England & Wales	Ordinary	100	Dormant
Daihatsu (Sverige) AB* (5)	Sweden	Ordinary	100	Dormant

* shares held by subsidiary undertaking

- (1) companies with the registered office of I.M.House, South Drive, Coleshill, Warwickshire, B46 1DF
 (2) companies with the registered office of 11 New Street, St Peter Port, Guernsey, GY1 2PF
 (3) companies with the registered office of I.M.House, NVD Complex, Brownsbarn, Baldonell, Co. Dublin
 (4) companies with the registered office of Airside Motor Park, Swords, Dublin
 (5) companies with the registered office of Box 21041, 200 21 Malmo, Starrvägen 15 232 61 61 Arlov
 (6) companies with the registered office of Room 102, Tower 4, No.10 Yard, Ronghua South Road, YiZhuang Economic Development Area, Beijing, 100176, P.R. China

PARTICIPATING INTEREST

Name	Country of incorporation	Class	Holding %	Principal activity
International Motors Finance Ltd	England & Wales	Ordinary B	100	Finance

The company does not hold any Ordinary 'A' shares in issue, and therefore by virtue of International Motors Finance Limited's articles of association, only holds 49% of the participation rights in the investee entity.

The registered office of International Motor Finance Ltd is Charterhall House, Charterhall Drive, Chester, Cheshire, CH88 3AN.

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. STOCKS

	2016 £	2015 £
Vehicles for resale	<u>888,015</u>	<u>371,707</u>

The cost of inventories expensed in the period and included within cost of sales was £2,143,482 (2015 - £2,627,885). Impairment gains relating to aged inventories and included within cost of sales amounted to £52,306 (2015 - £281,718).

15. DEBTORS

	2016 £	2015 £
Trade debtors	2,733,899	1,996,754
Amounts owed by group undertakings	139,807,010	189,151,066
Other debtors	559,795	55,299
Prepayments	577,364	501,674
VAT recoverable	4,883,422	-
Deferred taxation (note 18)	1,792,100	797,600
Derivative financial asset (note 17)	-	407,727
	<u>150,353,590</u>	<u>192,910,120</u>

With the exception of the deferred tax asset all amounts shown under debtors fall due for payment within one year.

The impairment credit recognised in the Statement of Comprehensive Income for the year in respect of bad and doubtful trade debtors was £77,447 (2015 - charge £2,896).

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	1,041,236	3,707,141
Amounts owed to group undertakings	93,641,339	79,474,837
Corporation tax	2,434,751	3,430,025
Other taxes and social security costs	1,264,814	6,199,867
Other creditors	5,985	57,932
Accruals	825,210	752,967
Preference shares and ordinary 'B' shares	14,484	14,484
Derivative financial liability (note 17)	72,334	-
	<u>99,300,153</u>	<u>93,637,253</u>

17. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through Statement of Comprehensive Income	490	490
Financial assets that are debt instruments measured at amortised cost	218,893,758	230,406,890
Derivative financial instruments	-	407,727
	<u>218,894,248</u>	<u>230,815,107</u>
Financial liabilities		
Derivative financial instruments	72,334	-
Financial liabilities measured at amortised cost	95,528,254	84,007,361
	<u>95,600,588</u>	<u>84,007,361</u>

Financial instruments measured at fair value comprise of unlisted investments.

Financial assets measured at amortised cost comprise of bank and cash balances, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, other creditors, accruals and preference shares and ordinary 'B' shares.

Derivative financial instruments comprise of foreign currency forward contracts.

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

18. DEFERRED TAXATION

	Deferred tax £
At 1 January 2016	797,600
Credited to the Statement of Comprehensive Income	994,500
At 31 December 2016	1,792,100

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	129,500	132,400
Pension scheme	1,615,500	789,000
Other timing differences	47,100	(123,800)
	1,792,100	797,600

19. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
6,232 Ordinary shares of £1 each	6,232	6,232
	2016 £	2015 £
Shares classified as debt		
Allotted, called up and fully paid		
6,234 Ordinary 'B' shares of £1 each	6,234	6,234
8,250 15% non-cumulative preference shares of £1 each	8,250	8,250
	14,484	14,484

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. SHARE CAPITAL (CONTINUED)

Ordinary 'B' shares of £1 each and the 15% non-cumulative preference shares of £1 each are classified as liabilities.

Ordinary 'B' shares of £1 each

The rights of the Ordinary 'B' shareholders include entitlement to receive a dividend totalling in aggregate £3.0m from the date of the special resolution by which the shares were created, and forthwith a dividend equal to 0.001 percent for every one percent paid by way of dividend to the holders of the ordinary shares of £1 each. A dividend of £3.0m was paid during the year ended 30 June 1982.

The shareholders are entitled on liquidation, or otherwise, to receive a sum of £3.0m less any dividends received in respect of such shares, prior to the date of return of assets. Subject to this, the shareholders are entitled to receive £1 per share and have no other right to participate in a return of assets.

Except in restricted circumstances, the shares do not carry an entitlement to vote at a general meeting.

15% non-cumulative Preference shares of £1 each

The rights of the preference shareholders include entitlement to be paid a non-cumulative dividend, in preference to the payment of any dividend on the other classes of share, at a rate of 15% per annum on the paid-up preference share capital and in the event of a winding up, to a repayment of paid-up capital in preference to any repayment of capital on the other classes of share.

The shares do not carry an entitlement to vote at a general meeting.

20. CONTINGENT LIABILITIES

The company has entered into unlimited cross-guarantees with group undertakings and companies under common control, guaranteeing for each undertaking, bank overdrafts and other facilities available that have group limits of £84.5m (2015 : £80.6m).

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. PENSION AND OTHER POST-RETIREMENT BENEFIT SCHEMES

The Company operates a Defined benefit pension scheme.

The company's principal pension arrangement is the International Motors Limited Retirement Benefits Scheme ("The Scheme"), a defined benefit scheme. With effect from 1 January 2003 The Scheme was closed to new members and from 1 January 2013 it was closed to future service accrual for existing members. The Scheme provides members with benefits related to salary and service at rates defined under the rules. The benefits are financed by payments to administered funds held separately from the company. From 6 April 1997 members were contracted out of SERPS on a money purchase basis, whilst maintaining a minimum guaranteed pension.

The most recent comprehensive actuarial valuation of the scheme was undertaken on 31 December 2016.

The Scheme is run on a basis that does not enable individual companies within the group to identify their share of the underlying assets and liabilities. As a consequence the whole group liability in respect of The Scheme has been included in International Motors Limited.

From 1 January 2003 a stakeholder Pension Plan, which is of a defined contribution nature, has been available to new employees and other entrants.

The company participates in other pension arrangements for senior executives. All such schemes are of a defined contribution nature.

The cost to the company for all schemes during the year was £371,996 (2015 – £238,750). The amount outstanding at the year end included within accruals was £Nil (2015 - £Nil).

The cost to the company for the defined benefit scheme of £Nil (2015 – £Nil) is determined on a group basis.

The cost to the company of the defined contribution scheme was £371,996 (2015 - £238,750).

The cost to the company of other schemes was £Nil (2015 - £Nil).

Reconciliation of present value of plan liabilities:

	2016 £	2015 £
At the beginning of the year	(33,370,000)	(35,678,000)
Interest cost	(1,286,000)	(1,270,000)
Actuarial (losses)/gains	(9,142,000)	2,775,000
Benefits paid	785,000	803,000
At the end of the year	(43,013,000)	(33,370,000)

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. PENSION AND OTHER POST-RETIREMENT BENEFIT SCHEMES (CONTINUED)

	2016 £	2015 £
At the beginning of the year	29,472,000	27,441,000
Interest income	1,134,000	992,000
Actuarial gains/(losses)	2,737,000	(62,000)
Contributions	952,000	1,904,000
Benefits paid	(785,000)	(803,000)
At the end of the year	33,510,000	29,472,000

Composition of plan assets:

	2016 £	2015 £
Equities	15,370,000	13,620,000
Property	11,098,000	11,000,000
Bonds	2,009,000	1,752,000
Other	4,052,000	2,196,000
Annuities	981,000	904,000
Total plan assets	33,510,000	29,472,000

	2016 £	2015 £
Fair value of plan assets	33,510,000	29,472,000
Present value of plan liabilities	(43,013,000)	(33,370,000)
Net pension scheme liability	(9,503,000)	(3,898,000)

The amounts recognised in profit or loss are as follows:

	2016 £	2015 £
Net interest on defined pension liability	(152,000)	(278,000)

INTERNATIONAL MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. PENSION AND OTHER POST-RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of fair value of plan liabilities were as follow:

	2016 £	2015 £
Opening defined benefit obligation	(3,898,000)	(8,237,000)
Actuarial (losses)/gains	(6,405,000)	2,713,000
Employer contributions	952,000	1,904,000
Expense recorded in profit and loss	(152,000)	(278,000)
Closing defined benefit obligation	(9,503,000)	(3,898,000)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was a loss of £6,405,000 (2015 - £2,713,000 gain).

The Company expects to contribute £952,000 to its Defined benefit pension scheme in 2017.

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21. PENSION AND OTHER POST-RETIREMENT BENEFIT SCHEMES (CONTINUED)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Main financial assumptions	31 December 2016	31 December 2015
Discount rate	2.9%	3.9%
Price inflation:		
- RPI	3.5%	3.2%
- CPI	2.5%	2.2%
Deferred pension increases:		
- Leavers before 01/09/08	2.5%	2.2%
- Leavers from 01/09/08, service to 31/12/10	3.5%	3.2%
- Leavers from 01/09/08, service from 01/01/11	2.5%	2.5%
Pension increases in payment:		
- for service from 06/04/97 to 31/12/10	3.4%	3.1%
- for service from 01/01/11	2.3%	2.2%
Retirements	Normal retirement age	Normal retirement age
Commutation	50% of maximum	50% of maximum
Mortality assumptions and life expectancies	31 December 2016	31 December 2015
Base table	100% S2NA	100% S2NA
Future improvements	CMI_2015[1.25%]	CMI_2015[1.25%]
Expected future lifetime from age 65:		
- Male currently aged 65	22.4 years	22.4 years
- Female currently aged 65	24.6 years	24.5 years
- Male currently aged 45	24.2 years	24.1 years
- Female currently aged 45	26.5 years	26.4 years

INTERNATIONAL MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 paragraph 33.1A not to disclose transactions with members of the group headed by I.M. Group Limited on the grounds that it is a wholly owned subsidiary of I.M. Group Limited.

At 31 December 2016, the company had a loan due from Lord Edmiston, a director and ultimate controlling party of the company, of £130,016 (2015 : £57,932 owed to). The company operates an ongoing current account facility with Lord Edmiston that periodically goes overdrawn. Loan balances are repaid on a regular basis.

At 31 December 2016, the company had a loan due from AM Edmiston, a director of the company, of £145,898 (2015 : £1,833). The company operates an ongoing current account facility with AM Edmiston that periodically goes overdrawn. Loan balances are repaid on a regular basis.

At 31 December 2016, the company had a loan due from GE Hutton, a director of the company of £64,342 (2015 : £Nil). The company operates an ongoing current account facility with GE Hutton. Loan balances are repaid on a regular basis.

23. CONTROLLING PARTY

The company is controlled by I.M. Group (1991) Limited, a company incorporated in England and Wales, which owns 100% of the issued share capital of the company.

The ultimate parent company is I.M. Group Limited, a company incorporated in England and Wales.

Group financial statements for I.M. Group Limited are available to the public from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate controlling party is Lord Edmiston, who owns 100% of the issued share capital of I.M. Group Limited.

Key management of the company are considered to be the directors. The total remuneration of the directors is covered in note 6.