

# Financial Statements

## Groupe Samat UK Limited

---

For the Year Ended 31 December 2017

Registered number: 01480293



## Company Information

<b>Directors</b>	A Laffont F Dupasquier S J Reid
<b>Company secretary</b>	A Laffont
<b>Registered number</b>	01480293
<b>Registered office</b>	Unit 2, Cliffe Park Bruntcliffe Road Morley Leeds West Yorkshire LS27 0RY
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN

## Contents

	Page
<b>Directors' report</b>	1 - 2
<b>Strategic report</b>	3 - 5
<b>Independent auditor's report</b>	6 - 8
<b>Statement of comprehensive income</b>	9
<b>Statement of financial position</b>	10
<b>Statement of changes in equity</b>	11
<b>Statement of cash flows</b>	12
<b>Notes to the financial statements</b>	13 - 29

## **Directors' Report**

**For the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

### **Results and dividends**

The profit for the year, after taxation, amounted to £108,924 (2016: loss £651,990).

The directors have not declared a dividend in respect of the year ended 31 December 2017 (2016: £Nil).

### **Directors**

The directors who served during the year were:

A Laffont  
F Dupasquier  
S J Reid

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report, the Strategic 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 judgements 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

## Directors' Report (continued)

For the Year Ended 31 December 2017

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Post balance sheet events

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

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 March 2018 and signed on its behalf.



S J Reid  
Director

# Strategic Report

**For the Year Ended 31 December 2017**

## **Introduction**

The company endured another difficult year in 2017. The first 6 months of trading incorporated loss making work that the company was doing for one of its largest customers. This work ceased in March with the final loads being carried in April and the additional equipment taken on to cover the work disposed of in May and June. Market forces in recent years have been very challenging in the transport industry with supply continuing to surpass demand in a market that has continued to decline in size. This has driven selling prices down over recent years whilst at the same time business costs have risen continually putting additional pressure on the company's margin. During 2017 the business has reduced the size of its asset base to improve the utilisation of the assets and to increase the output per asset.

The second half of the year saw the company reducing its losses as the cost base was more appropriate to the level of activity in the business. The level of overhead cost was also reduced in the business during 2017. The company took a break from further investments in equipment for the business during 2017, instead striving to improve asset utilisation and ensure full recruitment of drivers.

The management team saw further changes during 2017 with people being promoted into vacant roles. The operational management remained constant throughout 2017. We plan to continue to make improvements in the management of the business for the future.

## **Business review**

The company faced many challenges in 2017 including a continued growing demand from the driving workforce for improvements to pay and conditions, high rates of driver turnover and continued levels of absenteeism in the driving workforce in the business. As a result of changes in the operational management of the business, we saw levels of productivity begin to improve in 2017 with significant improvements showing during the 2nd half of the year.

The utilisation of the company's assets was noticeably less than in previous years, partly attributable to higher levels of absenteeism but also due to some difficulty faced in recruitment of replacement drivers during the year. As a result, the company has reduced the number of assets employed in the business during 2017.

We placed all but essential investment on hold during 2017 for new and replacement equipment. We have begun again to make investment early in 2018 and will continue to invest in our personnel, equipment, quality systems, customer service and our market position in a very competitive industry which will improve future business returns.

The market for the company's services continues to be very difficult with a continued reduction in the size of the UK marketplace. Combined with intense pressure from the market, these factors may continue to put pressure on operating margins of the company. The industry has, however, seen considerable acquisition activity delivering some consolidation within our specific market sector.

We have continued to improve the quality and operational capability and professionalism of the business. Our focus is now to deliver operational efficiency and productivity improvements with a continued focus on the quality of the service we provide to our customers.

The company is now in a strong position for continued growth in turnover and profitability.

## **Strategic Report (continued)**

**For the Year Ended 31 December 2017**

### **Financial risk management objectives and policies**

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

#### **Interest rate risk**

The company finances its operations through a mixture of retained profits, inter-company accounts and lease arrangements. Hire purchase contracts are for fixed finance charges.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

#### **Currency risk**

The company is exposed to transaction and translation foreign exchange risk. In relation to translation risk, the proportion of assets held in the foreign currency is matched to an appropriate level of liabilities in the same currency. Transaction exposures are limited in the company.

### **Financial key performance indicators**

The directors use many KPI's both financial and non-financial to monitor the company's position. Turnover, Gross Profit Margin and Strict Cost Monitoring are fundamental to the analysis of growth and future development.

The company has added a variety of indexes for cost control and service measurement within the Corporate Excellence Project.

### **Going concern**

The fortunes of the business operations have begun in the 2nd half of 2017 to show the level of improvement expected in the operations of the business. The company has received parental support in 2017 to maintain the liquidity needed for continued operations. The company had provided a budget and forecast for 2018 that has been approved by the shareholder for a further continuance of the company's operations. Furthermore, the parent has provided support so that the company can make investments in new equipment to enable future growth.

The company has completed a complete restructure during 2017 and the forecast for the business in the coming year shows a continued improvement in the operations of the company.

### **Exceptional debt cancellation**

The shareholder has agreed to an inter-company debt cancellation of £637k during the year ended 31 December 2017.

**Groupe Samat UK Limited**

## **Strategic Report (continued)**

**For the Year Ended 31 December 2017**

This report was approved by the board on 22 March 2018 and signed on its behalf.



**SJ Reid**  
Director





## Independent Auditor's Report to the Members of Groupe Samat UK Limited

### Opinion

We have audited the financial statements of Groupe Samat UK Limited for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who we are reporting to

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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## Independent Auditor's Report to the Members of Groupe Samat UK Limited (continued)

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report by the Companies Act 2006**

In the light of the 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 and the Directors' report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.



## Independent Auditor's Report to the Members of Groupe Samat UK Limited (continued)

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

*Grant Thornton UK LLP*

Richard Hobson  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

22 March 2018

## Statement of Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	8,506,140	8,746,932
Cost of sales		(8,008,486)	(8,276,208)
<b>Gross profit</b>		<b>497,654</b>	<b>470,724</b>
Administrative expenses		(1,173,485)	(1,144,658)
Profit on disposal of tangible fixed assets		138,041	63,278
Other operating income	5	64,069	21,241
Write back of intercompany debt		637,000	-
<b>Operating profit/(loss)</b>	6	<b>163,279</b>	<b>(589,415)</b>
Interest receivable	10	1,033	1,941
Interest payable	11	(55,388)	(64,516)
<b>Profit/(loss) on ordinary activities before tax</b>		<b>108,924</b>	<b>(651,990)</b>
Tax on profit/(loss) on ordinary activities	12	-	-
<b>Profit/(loss) for the financial year</b>		<b>108,924</b>	<b>(651,990)</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016: £Nil).

The notes on pages 13 to 29 form part of these financial statements.

## Statement of Financial Position

As at 31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	1,802,091	2,326,074
Investments	14	700,780	700,780
		<u>2,502,871</u>	<u>3,026,854</u>
<b>Current assets</b>			
Stocks	15	16,895	16,895
Debtors: amounts falling due within one year	16	1,635,338	1,996,107
Cash at bank and in hand	17	197,034	297,737
		<u>1,849,267</u>	<u>2,310,739</u>
Creditors: amounts falling due within one year	18	(2,696,888)	(3,317,935)
<b>Net current liabilities</b>		<u>(847,621)</u>	<u>(1,007,196)</u>
<b>Total assets less current liabilities</b>		<u>1,655,250</u>	<u>2,019,658</u>
Creditors: amounts falling due after more than one year	19	(770,646)	(1,232,630)
<b>Provisions for liabilities</b>			
Other provisions	23	(31,206)	(42,554)
		<u>(31,206)</u>	<u>(42,554)</u>
<b>Net assets</b>		<u>853,398</u>	<u>744,474</u>
<b>Capital and reserves</b>			
Called up share capital	25	500,000	500,000
Share premium account	24	200,002	200,002
Profit and loss account	24	153,396	44,472
		<u>853,398</u>	<u>744,474</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2018.

  
S J Reid  
Director

The notes on pages 13 to 29 form part of these financial statements.

## Statement of Changes in Equity

For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	500,000	200,002	44,472	744,474
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	108,924	108,924
<b>Total comprehensive income for the year</b>	-	-	108,924	108,924
<b>At 31 December 2017</b>	<b>500,000</b>	<b>200,002</b>	<b>153,396</b>	<b>853,398</b>

## Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	500,000	200,002	696,462	1,396,464
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(651,990)	(651,990)
<b>Total comprehensive income for the year</b>	-	-	(651,990)	(651,990)
<b>At 31 December 2016</b>	<b>500,000</b>	<b>200,002</b>	<b>44,472</b>	<b>744,474</b>

The notes on pages 13 to 29 form part of these financial statements.

# Statement of Cash Flows

For the Year Ended 31 December 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	108,924	(651,990)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	603,240	617,002
Profit on disposal of tangible fixed assets	(150,260)	(63,278)
Interest paid	55,388	64,516
Interest received	(1,033)	(1,941)
Decrease/(increase) in stocks	-	(8,434)
Decrease/(increase) in debtors	360,769	(216,769)
(Decrease)/increase in creditors	(624,755)	695,777
(Decrease)/increase in provisions	(11,348)	1,703
<b>Net cash generated from operating activities</b>	<b>340,925</b>	<b>436,586</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(10,040)	(111,250)
Sale of tangible fixed assets	156,043	79,468
Interest received	1,033	1,941
<b>Net cash from investing activities</b>	<b>147,036</b>	<b>(29,841)</b>
<b>Cash flows from financing activities</b>		
New secured loans	40,030	-
Repayment of finance leases	(655,366)	(563,858)
Interest paid	(55,388)	(64,516)
<b>Net cash used in financing activities</b>	<b>(670,724)</b>	<b>(628,374)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(182,763)</b>	<b>(221,629)</b>
Cash and cash equivalents at beginning of year	297,737	519,366
<b>Cash and cash equivalents at the end of year</b>	<b>114,974</b>	<b>297,737</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	197,034	297,737
Bank overdrafts	(82,060)	-
	<b>114,974</b>	<b>297,737</b>

The notes on pages 13 to 29 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 1. General information

The company is a limited company registered in England and Wales. The registered office is Unit 2 Cliffe Park Cliffe Park Way, Bruntcliffe Road, Morley, Leeds, West Yorkshire, England, LS27 0RY.

The principal activity of the company is freight by road.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs 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 presentational and functional currency is GBP.

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 3).

The financial statements contain information about Groupe Samat UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 402 of the Companies Act 2006 not to prepare consolidated financial statements.

The following principal accounting policies have been applied:

### 2.2 Going concern

The company meets its day to day working capital requirements from its own cash resources and an overdraft facility where required. The current economic conditions may create uncertainty, particularly over the level of demand for the company's services and the availability of finance in the foreseeable future.

The company's cash flow projections, taking into account reasonably possible changes in trading performance show that the company should be able to operate within currently available funding. The company has received confirmation of group support for 12 months following the approval of the financial statements and the shareholder agreed to an inter-company debt cancellation of £637,000 during the year ended 31 December 2017. No matters have been drawn to the company's attention that suggest that current funding arrangements will be withdrawn in the near future.

Accordingly, after making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing these financial statements.



## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 2. Accounting policies (continued)

### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

Depreciation is provided on the following basis:

Leasehold property	- over 2 to 10 years straight line
Plant & machinery	- over 5 years straight line
Motor vehicles	- over 2 to 8 years straight line
Fixtures & fittings	- over 10 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively 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 in the Statement of comprehensive income.

### 2.5 Stocks

Stocks are stated at the lower of cost and 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 reporting 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 profit or loss.

### 2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

### 2.7 Pensions

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 2. Accounting policies (continued)

### 2.8 Deferred taxation

Tax is recognised in the Statement of comprehensive income, except that a change 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 income tax charge 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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;

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.
- 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 future tax deductions available for them and the difference 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 reporting date.

### 2.9 Foreign currency translation

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 Income statement 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 Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 2. Accounting policies (continued)

### 2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets 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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Statement of Financial Position.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

### 2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 2. Accounting policies (continued)

### 2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

### 2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

### 2.18 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 Statement of Financial Position 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 Statement of Financial Position.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the useful lives of fixed assets, the tyre buy-back provision, the carrying value of stocks and recoverability of debts.

## 4. Turnover

The whole of the turnover is attributable to the principal activity.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	6,959,489	7,255,851
Rest of Europe	1,546,651	1,491,081
	<u>8,506,140</u>	<u>8,746,932</u>

## 5. Other operating income

	2017 £	2016 £
Rents receivable	64,069	21,241
	<u>64,069</u>	<u>21,241</u>

## 6. Operating profit/(loss)

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

	2017 £	2016 £
Depreciation - assets owned by company	128,124	130,117
Depreciation - assets held under finance leases or hire purchase agreements	475,116	486,885
Exchange differences	29,039	12,660
Operating lease rentals:		
- plant and machinery	13,607	15,138
- other operating leases	226,880	238,352
	<u>872,666</u>	<u>883,152</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10,500	10,000
Other services relating to taxation compliance	2,700	2,700

## 8. Employees

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

	2017 £	2016 £
Wages and salaries	2,490,220	2,800,154
Social security costs	272,052	300,716
Cost of defined contribution scheme	56,211	67,662
	2,818,483	3,168,532

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Management and administration	14	14
Drivers and workshop	55	65
	69	79

## 9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	120,068	122,386
Company contributions to defined contribution pension schemes	3,419	5,861
	123,487	128,247

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 10. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>1,033</u>	<u>1,941</u>

## 11. Interest payable

	2017 £	2016 £
Group interest payable	6,193	387
Other loan interest payable	309	-
Finance leases and hire purchase contracts	48,886	64,129
	<u>55,388</u>	<u>64,516</u>



# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 12. Taxation

No liability to taxation arises in respect of these financial statements.

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	108,924	(651,990)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	20,964	(130,398)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	8,249	2,817
Non-taxable income	(122,600)	-
Deferred tax rate difference	1,196	6,402
Deferred tax movement not recognised	92,191	121,179
<b>Total tax charge for the year</b>	-	-

### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporation rate to 17% was substantially enacted in September 2016.

The company has tax losses arising in the UK of £1,857,119 (2016: £1,471,219) that are available for offset against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they may not be used in the future.

## Notes to the Financial Statements

For the Year Ended 31 December 2017

## 13. Tangible fixed assets

	Long term leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>					
At 1 January 2017	97,729	7,697	7,449,027	54,070	7,608,523
Additions	-	-	75,000	10,040	85,040
Disposals	(24,764)	-	(1,561,275)	(10,946)	(1,596,985)
At 31 December 2017	72,965	7,697	5,962,752	53,164	6,096,578
<b>Depreciation</b>					
At 1 January 2017	70,515	7,697	5,169,101	35,136	5,282,449
Charge for the year	6,733	-	591,890	4,617	603,240
Disposals	(24,764)	-	(1,555,908)	(10,530)	(1,591,202)
At 31 December 2017	52,484	7,697	4,205,083	29,223	4,294,487
<b>Net book value</b>					
At 31 December 2017	20,481	-	1,757,669	23,941	1,802,091
At 31 December 2016	27,214	-	2,279,926	18,934	2,326,074

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	2017 £	2016 £
Motor vehicles	1,599,750	2,127,541

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 14. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2017	710,385
At 31 December 2017	710,385
<b>Impairment</b>	
At 1 January 2017	9,605
At 31 December 2017	9,605
<b>Net book value</b>	
At 31 December 2017	700,780
At 31 December 2016	700,780

### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activity
Samat U.K. Limited	Ordinary	100 %	Non-trading

The aggregate of the share capital and reserves as at 31 December 2017 and 31 December 2016 was £704,864.

The financial statements contain information about Groupe Samat UK Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company has taken the option under Section 402 of the Companies Act 2006 not to prepare consolidated financial statements.

## 15. Stocks

	2017 £	2016 £
Raw materials and consumables	16,895	16,895

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 16. Debtors

	2017 £	2016 £
Trade debtors	1,435,415	1,680,226
Amounts owed by group undertakings	32,621	65,751
Other debtors	61,139	85,238
Prepayments and accrued income	106,163	164,892
	<u>1,635,338</u>	<u>1,996,107</u>

## 17. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	197,034	297,737
Less: bank overdrafts	(82,060)	-
	<u>114,974</u>	<u>297,737</u>

## 18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdraft (unsecured)	82,060	-
Bank loans	9,419	-
Trade creditors	797,998	1,084,722
Amounts owed to group undertakings	861,146	1,157,000
Taxation and social security	255,108	237,095
Net obligations under finance leases and hire purchase contracts	561,797	649,568
Other creditors	14,942	22,587
Accruals and deferred income	114,418	166,963
	<u>2,696,888</u>	<u>3,317,935</u>

Net obligations under finance leases and hire purchase contracts are secured on the related assets.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 19. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	30,611	-
Net obligations under finance leases and hire purchase contracts	740,035	1,232,630
	<u>770,646</u>	<u>1,232,630</u>

Net obligations under finance leases and hire purchase contracts are secured on the related assets.

## 20. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Bank loans	9,419	-
<b>Amounts falling due 1-2 years</b>		
Bank loans	9,419	-
<b>Amounts falling due 2-5 years</b>		
Bank loans	21,192	-
	<u>40,030</u>	<u>-</u>

## 21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	561,797	649,568
Between 1-2 years	417,667	547,545
Between 2-5 years	322,368	685,085
	<u>1,301,832</u>	<u>1,882,198</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 22. Financial instruments

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>1,726,209</u>	<u>2,128,952</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(3,212,426)</u>	<u>(4,313,470)</u>

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

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals, bank loans and amounts due under finance lease agreements.

## 23. Provisions for liabilities

	Tyre provision £
At 1 January 2017	42,554
Utilised in year	(11,348)
<b>At 31 December 2017</b>	<u><u>31,206</u></u>

This provision represents the anticipated liability of tyres on disposal of fixed assets.

## 24. Reserves

### Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares and deducted from the share premium.

### Profit & loss account

Includes all current and prior periods retained profits and losses.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 25. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

## 26. Pension commitments

The company operates a defined contribution benefit scheme for its employees. The outstanding pension liability at the year end was £12,782 (2016: £8,498).

## 27. Capital commitments

At 31 December 2017, the company has a capital commitment of £468,360 (2016: £75,000) relating to six trucks ordered in July 2017 but which were not due for delivery or payment until 2018.

## 28. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
<b>Land and buildings</b>		
Less than 1 year	85,580	61,658
Between 2 and 5 years	<u>51,698</u>	<u>38,789</u>
	<u>137,278</u>	<u>100,447</u>
<b>Other</b>		
Less than 1 year	230,807	198,761
Between 2 and 5 years	<u>270,299</u>	<u>326,081</u>
	<u>501,106</u>	<u>524,842</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### **29. Related party transactions**

The company is a 100% subsidiary of Groupe Samat SA, incorporated in France. The company has taken advantage of the exemption under FRS 102 not to disclose transactions with other group companies.

The directors represent key management personnel for the purposes of the FRS 102 related party disclosure requirements and their compensation is as disclosed in note 9.

### **30. Controlling party**

The directors consider the ultimate controlling related party to be Groupe Samat SA, a company incorporated in France. Groupe Samat SA represents the largest and smallest group for which group accounts are prepared and which include the company.