

REGISTERED NUMBER:2762560

CICELEY COMMERCIALS LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



PM+M Solutions for Business LLP
Chartered Accountants
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

CICELEY COMMERCIALS LIMITED

COMPANY INFORMATION

Directors

C Briggs
M Lewis
B Morgan
R Morgan
S Wilson

Company secretary

R Morgan

Registered number

2762560

Registered office

Cicely Lane
Blackburn
Lancashire
BB1 1HQ

Independent auditors

PM+M Solutions for Business LLP
Chartered Accountants & Statutory Auditors
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

Bankers

HSBC Bank Plc
60 Church Street
Blackburn
Lancashire
BB1 5AS

CICELEY COMMERCIALS LIMITED

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CICELEY COMMERCIALS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Business review

The Directors are pleased with the results for 2016.

The Company has maintained its high standards throughout 2016 which had resulted in it being awarded with the prestigious Mercedes Benz award for 'Van Dealer of the Year' 2015. This performance has been maintained following the success of also winning the award for 'Commercial Vehicle Dealer of the Year' in 2014, 2013 and 2010 along with the prestigious Motor Transport Dealer of the Year award for 2010. The Company was the second most profitable Mercedes-Benz Commercial Vehicle Dealer in 2016 and had the highest Return on Sale. The fall in profitability from 2015 to 2016 is a result of a poor year for truck sales. Mercedes-Benz national sales were also down in what was a growing market. The outlook for 2017 is much more positive for Truck sales, however.

Ciceley has continued to invest in its staff and facilities and is proud to have retained the VanPro Dealer status. In addition to the £600k spent in 2014 and 2015 on improvements to showrooms, service receptions, and IT across all four Dealerships, the truck sales team has been doubled in size, all aimed at improving the customer experience.

Turnover has decreased in 2016 by 17.6% to £88 million from £107 million in 2015, whilst gross profit decreased by 6.5% to £10.7 million. This is a reflection of the reduction in truck sales in 2016. New truck registrations in 2016 decreased by 10% resulting in Ciceley missing targets set by Mercedes-Benz. Although turnover and gross profit decreased, NPBT only decreased to 1.8% in 2016 from 1.99% in 2015 indicating that budgeting and cost control has been effectively managed.

The Company has a strong balance sheet. The current ratio has remained above 1.30. Trade Debtor days has improved from a strong 19.7 days in 2015 to 18.4 days in 2016, whilst Parts Stock Turn has remained good at 7.2 in 2016 compared to 7.36 in 2015.

Going Concern Disclosure

The Company has sufficient financial resources and has no current requirement for borrowing facilities due to its good liquidity position. As well as selling and maintaining a high quality, desirable product in respect of Mercedes Benz Commercial Vehicles, there is an excellent working relationship with Mercedes Benz. As a consequence, the directors believe that the company is well placed to manage the business risks under an improving economic climate.

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

CICÉLEY COMMERCIALS LIMITED

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

Principal risks and uncertainties

Interest rate risk

The Group does not make use of overdraft facilities and uses instant access deposit accounts to service short term cash flow requirements. There is no risk from borrowings that are affected by changes to interest rates.

Liquidity risk

The Group makes efforts to manage the financial risk by the monitoring of cash flow to ensure that the Group is able to meet its foreseeable debts as they fall due and to invest any cash assets profitably.

Credit risk

The principal credit risk of the Group arises from its trade debtors. In order to manage this credit risk the management set credit limits for customers based on a combination of third party credit references and payment history. These credit limits are reviewed monthly by the Directors along with aged debt.

Future Developments

The Group is in a strong position financially and is capable of funding any acquisitions or growth developments should the opportunities arise.

This report was approved by the board on 18 August 2017 and signed on its behalf.

R Morgan
Director

A handwritten signature in black ink, appearing to be 'R Morgan', written over a horizontal line.

CICELEY COMMERCIALS 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.

Directors' responsibilities statement

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 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 for the Company's financial statements 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 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,280,481 (2015 - £1,697,112).

Directors

The directors who served during the year were:

C Briggs
M Lewis
B Morgan
R Morgan
S Wilson

CICELEY COMMERCIALS LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

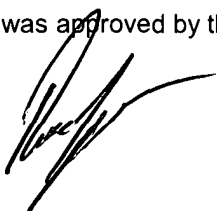
There have been no significant events affecting the Company since the year end.

Auditors

The auditors, PM+M Solutions for Business LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 August 2017 and signed on its behalf.

R Morgan
Director



CICELEY COMMERCIALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CICELEY COMMERCIALS LIMITED

We have audited the financial statements of Ciceley Commercials Limited for the year ended 31 December 2016, set out on pages 9 to 25. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 auditors' 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 Auditors

As explained more fully in the directors' responsibilities statement on page 5, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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.

CICELEY COMMERCIALS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CICELEY COMMERCIALS LIMITED
(CONTINUED)**

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the 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 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 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.

PM+M Solutions for Business LLP.

Nigel Wright (senior statutory auditor)

for and on behalf of

PM+M Solutions for Business LLP

Chartered Accountants
Statutory Auditors

Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

18 August 2017

CICELEY COMMERCIALS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	87,638,925	106,357,536
Cost of sales		(76,968,894)	(94,949,992)
Gross profit		10,670,031	11,407,544
Distribution costs		(6,269,407)	(6,390,768)
Administrative expenses		(2,790,945)	(2,920,654)
Operating profit	5	1,609,679	2,096,122
Interest receivable and similar income	9	101,380	115,122
Interest payable and expenses	10	(131,570)	(92,727)
Profit before tax		1,579,489	2,118,517
Tax on profit	11	(299,008)	(421,405)
Profit after tax		1,280,481	1,697,112
Retained earnings at the beginning of the year		6,654,690	6,457,578
Profit for the year		1,280,481	1,697,112
Dividends declared and paid		(2,000,000)	(1,500,000)
Retained earnings at the end of the year		5,935,171	6,654,690

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of income and retained earnings.

The notes on pages 11 to 25 form part of these financial statements.

CICELEY COMMERCIALS LIMITED
REGISTERED NUMBER:2762560

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	13		22,500		33,750
Tangible assets	14		927,669		927,454
			<u>950,169</u>		<u>961,204</u>
Current assets					
Stocks	15	16,942,275		12,246,898	
Debtors: amounts falling due within one year	16	3,986,569		7,680,314	
Cash at bank and in hand	17	1,924,478		6,546	
		<u>22,853,322</u>		<u>19,933,758</u>	
Creditors: amounts falling due within one year	18	(17,547,277)		(13,907,469)	
Net current assets			<u>5,306,045</u>		<u>6,026,289</u>
Total assets less current liabilities			<u>6,256,214</u>		<u>6,987,493</u>
Provisions for liabilities					
Deferred tax	19	(71,043)		(82,803)	
			<u>(71,043)</u>		<u>(82,803)</u>
Net assets			<u><u>6,185,171</u></u>		<u><u>6,904,690</u></u>
Capital and reserves					
Called up share capital	20		250,000		250,000
Profit and loss account			5,935,171		6,654,690
			<u><u>6,185,171</u></u>		<u><u>6,904,690</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 August 2017.

R Morgan
 Director

The notes on pages 11 to 25 form part of these financial statements.

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

1. General information

The company is a company limited by shares and registered at Companies House in England and Wales under number 02762560. The registered office is noted on page 1 of these financial statements. The principal activity is that of a motor vehicle dealership.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ciceley Limited as at 31 December 2016 and these financial statements may be obtained from Cicely Lane, Blackburn, Lancashire, BB1 1HQ.

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

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.

2.4 Intangible assets**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of income and retained earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

CICELEY COMMERCIALS LIMITED

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

2. Accounting policies (continued)**2.5 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Plant and machinery	- 15-20%
Motor vehicles	- 25%
Fixtures and fittings	- 15%
Office equipment	- 33%

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 income and retained earnings.

2.6 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 weighted average 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 profit or loss.

2.7 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.

2.8 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.

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

2. Accounting policies (continued)**2.9 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 debtors and creditors, 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 debtors and creditors, 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 out-right 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 income and retained earnings.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.10 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.

2.11 Finance costs

Finance costs are charged to the statement of income and retained earnings 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.

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

2. Accounting policies (continued)**2.12 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.14 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 income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the statement of income and retained earnings in the year in which they are incurred.

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

2. Accounting policies (continued)**2.17 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 income and retained earnings 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.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, 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 income 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 tax 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

In the process of applying the Company's accounting policies, which are described above, management has made some judgments that have an effect on the amounts recognised in the financial statements. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date. The main areas of judgment are in relation to stock and debtor provisions, and useful economic lives of the company's fixed assets.

CICELEY COMMERCIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**4. Turnover**

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Motor vehicle dealership	87,638,925	106,357,536
	<u>87,638,925</u>	<u>106,357,536</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	347,985	322,825
Amortisation of intangible assets, including goodwill	11,250	11,250
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,750	8,750
Other operating lease rentals	958,527	948,715
Defined contribution pension cost	177,900	229,889
	<u>177,900</u>	<u>229,889</u>

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,750	8,750
Fees payable to the Company's auditor and its associates in respect of:		
All other services	1,901	1,901
	<u>1,901</u>	<u>1,901</u>

CICELEY COMMERCIALS LIMITED

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

7. Employees

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

	2016 £	2015 £
Wages and salaries	6,255,025	6,213,590
Social security costs	610,360	598,728
Cost of defined contribution scheme	177,900	229,889
	<u>7,043,285</u>	<u>7,042,207</u>

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

	2016 No.	2015 No.
Administration	30	32
Selling	105	105
Technicians, partsmen and vehicle preparation	65	62
	<u>200</u>	<u>199</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	479,131	524,275
Company contributions to defined contribution pension schemes	89,934	138,989
	<u>569,065</u>	<u>663,264</u>

During the year retirement benefits were accruing to 3 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £166,317 (2015 - £173,764).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,281 (2015 - £4,287).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	101,380	115,122
	<u>101,380</u>	<u>115,122</u>

CICELEY COMMERCIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**10. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	131,570	90,213
Finance leases and hire purchase contracts	-	2,514
	<u>131,570</u>	<u>92,727</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	311,000	377,259
Adjustments in respect of previous periods	(232)	-
Total current tax	<u>310,768</u>	<u>377,259</u>
Deferred tax		
Origination and reversal of timing differences	(7,287)	50,578
Changes to tax rates	(4,608)	(3,580)
Adjustments in respect of prior periods	135	(2,852)
Total deferred tax	<u>(11,760)</u>	<u>44,146</u>
Taxation on profit on ordinary activities	<u>299,008</u>	<u>421,405</u>

CICELEY COMMERCIALS LIMITED

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher 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>1,579,489</u>	<u>2,118,517</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	315,898	429,000
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,575	3,014
Capital allowances for year in excess of depreciation	2,250	2,278
Adjustments to tax charge in respect of prior periods	(97)	(3,001)
Adjust deferred tax to average rate	(3,242)	(9,886)
Group relief	(20,376)	-
Total tax charge for the year	<u>299,008</u>	<u>421,405</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2016 £	2015 £
Dividends paid	<u>2,000,000</u>	<u>1,500,000</u>
	<u>2,000,000</u>	<u>1,500,000</u>

CICELEY COMMERCIALS LIMITED

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

13. Intangible assets

	Goodwill £
Cost	
At 1 January 2016	225,000
At 31 December 2016	<u>225,000</u>
Amortisation	
At 1 January 2016	191,250
Charge for the year	<u>11,250</u>
At 31 December 2016	<u>202,500</u>
Net book value	
At 31 December 2016	<u><u>22,500</u></u>
<i>At 31 December 2015</i>	<u><u>33,750</u></u>

CICELEY COMMERCIALS LIMITED

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

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2016	1,458,503	771,387	719,953	634,997	3,584,840
Additions	36,714	431,165	12,741	71,826	552,446
Disposals	-	(378,927)	-	-	(378,927)
At 31 December 2016	<u>1,495,217</u>	<u>823,625</u>	<u>732,694</u>	<u>706,823</u>	<u>3,758,359</u>
Depreciation					
At 1 January 2016	1,247,715	384,788	503,325	521,558	2,657,386
Charge for the year on owned assets	61,393	166,838	48,421	71,333	347,985
Disposals	-	(174,681)	-	-	(174,681)
At 31 December 2016	<u>1,309,108</u>	<u>376,945</u>	<u>551,746</u>	<u>592,891</u>	<u>2,830,690</u>
Net book value					
At 31 December 2016	<u>186,109</u>	<u>446,680</u>	<u>180,948</u>	<u>113,932</u>	<u>927,669</u>
At 31 December 2015	<u>210,788</u>	<u>386,599</u>	<u>216,628</u>	<u>113,439</u>	<u>927,454</u>

CICELEY COMMERCIALS LIMITED

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

15. Stocks

	2016 £	2015 £
Spare parts and accessories	1,832,385	1,685,897
New and used vehicles	14,905,612	10,331,119
Work in progress	204,278	229,882
	<u>16,942,275</u>	<u>12,246,898</u>

Stock recognised in cost of sales during the year as an expense was £76,968,894 (2015 - £94,949,992).

Impairment losses recognised in cost of sales against stock during the year due to slow-moving and obsolete stock were not material.

New and used vehicle stocks include new vehicles which are held on a consignment basis amounting to £7,062,038 (2015 - £4,205,144).

16. Debtors

	2016 £	2015 £
Trade debtors	3,061,029	5,754,373
Amounts owed by group undertakings	44,545	12,271
Other debtors	583,231	1,401,728
Prepayments and accrued income	297,764	511,942
	<u>3,986,569</u>	<u>7,680,314</u>

The amounts owed by group undertakings are not subject to any formal agreement.

17. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,924,478	6,546
Less: bank overdrafts	-	(234,919)
	<u>1,924,478</u>	<u>(228,373)</u>

CICELEY COMMERCIALS LIMITED

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

18. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	-	234,919
Trade creditors	10,831,392	8,687,066
Amounts owed to group undertakings	1,975,964	92,237
Corporation tax	168,534	187,266
Other taxation and social security	1,523,150	1,196,905
Obligations under finance lease and hire purchase contracts	510,727	536,693
Other creditors	75,513	97,206
Accruals and deferred income	2,461,997	2,875,177
	<u>17,547,277</u>	<u>13,907,469</u>

The company's banking facility is secured by a first legal charge over all book and other debts and a first floating charge over all other assets of the company. There is also an unlimited guarantee provided by other group companies.

Finance leases and hire purchase creditors are secured on the assets concerned.

The amounts owed to group undertakings are no subject to any formal agreement.

19. Deferred taxation

	2016 £	2015 £
At beginning of year	(82,803)	(38,657)
Charged to profit or loss	11,760	(44,146)
At end of year	<u>(71,043)</u>	<u>(82,803)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Fixed asset timing differences	(77,941)	(86,513)
Short term timing differences	6,898	3,710
	<u>(71,043)</u>	<u>(82,803)</u>

CICELEY COMMERCIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**20. Share capital**

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

21. Pension commitments

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

Contributions made by the company to the scheme during the year amounted to £177,900 (2015 - £229,889). At 31 December 2016 £40,574 (2015 - £20,213) of contributions were due to the scheme.

22. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	228,457	215,502
Later than 1 year and not later than 5 years	361,470	295,486
	<u>589,927</u>	<u>510,988</u>

23. Related party transactions

There have been various transactions throughout the year with other group companies. However, as the company is included in the consolidated financial statements and these are publicly available, the company has taken advantage of FRS 102 reduced disclosure exemptions regarding the requirements of Section 33 Related Party Disclosures paragraph 33.7.

24. Controlling party

The company is controlled by Ciceley Limited.

The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is Ciceley Limited. Consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ. In the opinion of the directors this is the company's ultimate parent company.

Ciceley Limited is ultimately controlled by Mr B Morgan and his family.