

Keltruck Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2016



Company Registration No.02880543

Keltruck Limited

CONTENTS

COMPANY INFORMATION	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	4
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	6
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELTRUCK LIMITED	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
ACCOUNTING POLICIES	12
NOTES TO THE FINANCIAL STATEMENTS	16

Keltruck Limited

COMPANY INFORMATION

DIRECTORS

R Warner
D Morgan
T Joynes
MS Kelly
CD Kelly

SECRETARY

AA Kokinis

REGISTERED OFFICE

Kenrick Way
West Bromwich
West Midlands
B71 4JW

AUDITOR

RSM UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

BANKERS

Lloyds Bank
116 Colmore Row
Birmingham
West Midlands
B3 3DP

Keltruck Limited

STRATEGIC REPORT

STRATEGIC OBJECTIVES

The Company operates in the heavy truck market with this defined with the SMMT (Society of Motor Manufacturers and Traders) as vehicles with a GVW (gross vehicle weight) beyond 15,000kg. The Company is part of a franchise dealer network supporting the Scania truck brand which provides vehicles from 18,000kg GVW. We continue to offer a broad range of services to our customers and look to develop new opportunities within the industry sector.

BUSINESS REVIEW

The UK market for heavy trucks was anticipated to decrease throughout 2016, after an increase in 2015, although the franchise market remained constant.

The used vehicle market was anticipated to remain buoyant in terms of volumes. Whilst values were expected to come under pressure due to the buoyant new vehicle market the objective was to increase volumes to counter this impact.

Within aftersales the Company anticipated that both Franchise and Non Franchise parts sales would remain static and that service hours would increase as a result of growth in the franchised vehicle market. Both departments were challenged with improving their return on sales through continuous improvement in productivity and efficiencies.

Overall sales decreased from £155.7m to £152.5m reflective of the new vehicle market as noted above. New vehicle sales achieved revenues of £90.8m compared to £94.7m in the prior year.

Used vehicle volumes increased by 11% on the prior year an increase of £2.5m, reaching beyond our original objectives. As anticipated the margin achieved on these sales reduced with the overall gross contribution falling by 4.7% from the prior year.

Aftersales achieved a slight growth in service sales and parts saw revenues increase by 0.08% and margins by 0.05%. The Company has set specific efficiency improvement targets for both the service and parts operations, which the Company monitor closely.

The Company has continued to invest in its staffing levels and resources available in order to continuously develop the business for the future with an additional cost of £0.5m in the current year.

During the year the Company became a wholly owned subsidiary of Blyton Holdings Limited, which was provided funding by the Company to assist the cash flow need of the new Group. The Company has increased its stock holding position in the year due to the timing of orders and delivery to the customer. The Company's cash position remains strong after distributions of £8m being made in the year.

Management also continue to monitor closely non-financial key performance indicators (KPI's) including employee head count, staff turnover, technical training, Customer Care Programmes, and other Dealer Operating Standards. Management have reviewed these KPI's and confirm that the Company's performance against these is satisfactory for the year.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company has continued to generate profits in line with recent years despite the market changes described above with the main financial indicators:

	2016	2015
Turnover	£152.5m	£155.7m
Pre-tax profit	£5.3m	£5.7m
EBIT margin	3.28%	3.67%

Keltruck Limited

STRATEGIC REPORT

FUTURE DEVELOPMENTS

Despite a healthy forward order-book for new vehicles we anticipate this area of the business will remain static. Used Vehicle sales continue to be a competitive market and our objective remains to increase volume in order to offset a reduced margin. The forecast for aftersales is for service revenues and overall parts sales to remain static and to optimise on margin retention through continuous improvement of productivity and efficiencies. Activity levels and customer confidence remain strong and the Company remains well placed to take advantage of any market opportunities that may be presented.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the Company is the reliance on a single manufacturer franchise for the majority of business activities. In February 2014 the Company entered into new franchise agreements with Scania Great Britain Limited in respect of sales of new Scania vehicles, and as an authorised repairer. In addition the Company holds a separate agreement in respect of separate engines. While such agreements are subject to revision the directors see no reason why they should not continue for the foreseeable future.

The Commercial Vehicle sector remains competitive both locally and nationally. The Company strives to give a premium service and as such gain an advantage over its competitors.

Credit risk is mitigated by the diversity and volume of different clients who operate across a wide range of industry sectors with no dominant reliance on any one customer or sector. Scania is considered as the premium brand and this is also reflected in the customer base which aids reduction of credit risk.

This report was approved by the board on

18 May

2017 and signed on its behalf.



CD Kelly
Chairman

18 May 2017

Keltruck Limited

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is the sale of new and used Scania vehicles as well as the provision of maintenance facilities and the sale of parts and services associated with operation of commercial vehicles, buses and coaches.

BUSINESS REVIEW, KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

A detailed business review, key performance indicators and future developments can be found within the Strategic Report for the year ended 31 December 2016, shown on page 2.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,028,000 (2015: £4,371,000).

The dividends in respect of the current financial year were £8,000,000 (2015: £2,000,000), no final dividend is proposed.

DIRECTORS

The directors who served during the year were:

R Warner
D Morgan
T Joynes
MS Kelly
CD Kelly

CHARITABLE DONATIONS

During the year the Company made charitable donations of £51,250 (2015: £52,299) and political donations of £nil (2015: £nil).

RISKS AND UNCERTAINTIES

The review of risks and uncertainties that the Company faces can be found within the Strategic Report for the year ended 31 December 2016, shown on page 2.

FINANCIAL INSTRUMENTS

Price risk

The Company trades predominately in the UK where vehicle and parts prices are negotiated and set to a great extent by the manufacturer on an annual basis timing any exposure to currency and hence pricing fluctuations as a result.

Credit risk

Credit risk is mitigated by the diversity and volume of different clients who operate across a wide range of industry sectors with no dominant reliance on any one customer or sector. Scania is considered as the premium brand and this is also reflected in the customer base which aids reduction of credit risk.

Liquidity risk

The Company remains liquid and does not envisage pressures in this respect for the coming year with no major capital projects currently planned. The Company reviews this position regularly in respect of cashflow forecasting and business needs and reports monthly to the board in such respects.

Keltruck Limited

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and both internal and external media communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



AA Kokinis
Secretary

18 May 2017

Keltruck Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELTRUCK LIMITED

Opinion on financial statements

We have audited the financial statements on pages 8 to 26. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

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 <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 any 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

ADAM KRUPSKI (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

19 May 2017

Keltruck Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2016

	Note	2016 £000	2015 £000
TURNOVER	2	152,495	155,738
Cost of sales		(135,243)	(138,640)
GROSS PROFIT		17,252	17,098
Distribution and selling costs		(1,964)	(1,742)
Administrative expenses		(10,286)	(9,817)
OPERATING PROFIT		5,002	5,539
Profit on disposal of current asset investments		100	-
Income from current asset investment		46	-
Interest receivable and similar income	3	132	174
PROFIT BEFORE TAXATION	2-5	5,280	5,713
Taxation	6	(1,252)	(1,342)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		4,028	4,371

Keltruck Limited

STATEMENT OF FINANCIAL POSITION at 31 December 2016

	Note	2016 £000	2015 £000
FIXED ASSETS			
Intangible assets	8	2,745	3,046
Tangible assets	9	5,108	6,063
		<u>7,853</u>	<u>9,109</u>
CURRENT ASSETS			
Stocks	11	27,054	20,683
Debtors	12	13,794	9,603
Current asset investments	13	-	19
Cash at bank and in hand		7,289	11,491
		<u>48,137</u>	<u>41,796</u>
CREDITORS; Amounts falling due within one year	14	<u>(40,251)</u>	<u>(31,146)</u>
NET CURRENT ASSETS		<u>7,886</u>	<u>10,650</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,739</u>	<u>19,759</u>
PROVISIONS FOR LIABILITIES	15	<u>(22)</u>	<u>(70)</u>
NET ASSETS		<u>15,717</u>	<u>19,689</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,400	1,400
Share premium account	16	2,350	2,350
Profit and loss account	16	11,967	15,939
TOTAL EQUITY		<u>15,717</u>	<u>19,689</u>

The financial statements on pages 8 to 26 were approved by the board of directors and authorised for issue on 18 May 2017 and are signed on its behalf by:



CD Kelly
Director

Company Registration No. 02880543

Keltruck Limited
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Note	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
Balance as at 1 January 2015		1,400	2,350	13,568	17,318
Profit for the year		-	-	4,371	4,371
Total comprehensive income		-	-	4,371	4,371
Transactions with owners in their capacity as owners:-					
Dividends	7	-	-	(2,000)	(2,000)
Total transactions with owners in their capacity as owners		-	-	(2,000)	(2,000)
Balance as at 31 December 2015		1,400	2,350	15,939	19,689
Profit for the year		-	-	4,028	4,028
Total comprehensive income		-	-	4,028	4,028
Transactions with owners in their capacity as owners:-					
Dividends	7	-	-	(8,000)	(8,000)
Total transactions with owners in their capacity as owners		-	-	(8,000)	(8,000)
Balance as at 31 December 2016		1,400	2,350	11,967	15,717

Keltruck Limited

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Note	2016 £000	2015 £000
OPERATING ACTIVITIES			
Cash generated from operations	19	6,380	5,711
Interest received		132	94
Income taxes paid		(1,275)	(1,438)
		<u>5,237</u>	<u>4,367</u>
NET CASH FROM OPERATING ACTIVITIES			
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	9	(1,821)	(1,593)
Proceeds on disposal of tangible fixed assets		263	1,558
Proceeds on disposal of current asset investments		119	-
		<u>(1,439)</u>	<u>(35)</u>
NET CASH USED IN INVESTING ACTIVITIES			
FINANCING ACTIVITIES			
Dividends paid	7	(8,000)	(2,000)
		<u>(8,000)</u>	<u>(2,000)</u>
NET CASH USED IN FINANCING ACTIVITIES			
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>(4,202)</u>	<u>2,332</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		<u>11,491</u>	<u>9,159</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>7,289</u>	<u>11,491</u>

Keltruck Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

Keltruck Limited ("the Company") is a private Company limited by shares, and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Kenrick Way, West Bromwich, West Midlands, B71 4JW.

The Company's principal activity and nature of its operations are included in the directors' report.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The Company has taken advantage of the exemption in section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as all of the Company's subsidiaries are permitted to be excluded from group accounts by virtue of section 405 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, the Strategic Report and Director's report include the Company's processes for managing its financial risk management objectives; its financial instruments and hedging activities; and its exposures to liquidity risk.

The Company meets its day-to-day working capital requirements through cash held at bank and through an overdraft facility. Based on forecasts prepared, the directors expect the Company to continue to be profitable and to generate positive cash flows on its own account for the foreseeable future.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company.

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods and services to external customers in the ordinary nature of the business. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen. The following criteria must also be met before revenue is recognised:

Vehicle Sales

In case of delivery of new and used vehicles the entire revenue is recognised at the time of delivery to the customer.

Leases

Short-term rental - in case of short-term rental of vehicles, revenue is allocated on a straight-line basis over the contract period, rental mainly involves new and used trucks. In such cases, the asset is recognised in the balance sheet.

Keltruck Limited

ACCOUNTING POLICIES

TURNOVER (continued)

Service-related products

Income for service and repairs is recognised as income when the service is performed. For service and repair contracts, income is allocated over the life of the contracts, as expenses for the fulfilment of the contract arise.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially recognised at cost and subsequently 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, as follows:

Freehold property	-	100 years straight line
Improvements to leasehold property	-	remaining period of the lease
Plant, vehicles and equipment	-	2 - 5 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.

INTANGIBLE ASSETS

Goodwill represents the difference between amounts paid on acquisition of a business 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 comprehensive income over its useful economic life.

The estimated useful life is estimated as follows:

Goodwill	-	20 years
----------	---	----------

The directors believe that 20 years represents the economic life of the businesses acquired. The goodwill relates to the acquisition of franchises, which are still providing economic benefit to the Company.

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" based on the assessment that substantially all the risks and rewards remain with the lessor and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

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.

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.

CASH AND CASH EQUIVALENTS

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or at close to their carrying value or traded in an active market.

DIVIDENDS

Equity dividends are recognised when they become legally payable.

Keltruck Limited

ACCOUNTING POLICIES

INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed Company shares are remeasured to market value at each balance sheet date.

Gains and losses on remeasurement are recognised in profit or loss for the period.

PROVISIONS FOR LIABILITIES

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar expenses.

RETIREMENT BENEFITS

The Company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to profit or loss in respect of pension costs, and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss.

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

Keltruck Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors which are receivable within one year are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

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

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors (including accruals) payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The directors consider that accounting estimates and assumptions made do not have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year.

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

- Determine whether leases entered into by the Company as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible and intangible assets including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets.
- The realisable value of stock is calculated using established and well tested methodologies that take into account the changes in market dynamics, new models, condition of the vehicles and disposal costs.

2 TURNOVER

Turnover represents the invoiced amount of services provided, net of Value Added Tax, an analysis of the Company's turnover is as follows:

	2016 £000	2015 £000
Class of business		
New and used vehicle sales	106,351	107,791
Service, parts and other	46,144	47,947
	<hr/>	<hr/>
	152,495	155,738
	<hr/>	<hr/>

The Company supplies services to the United Kingdom and to international markets throughout the world.

Turnover arises from the Company's principal activity.

Turnover for each geographical market has not been disclosed as the directors are of the opinion that such disclosure would be prejudicial to the interests of the Company.

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

3	INTEREST RECEIVABLE AND SIMILAR INCOME	2016 £000	2015 £000
	Loan interest receivable	71	80
	Other interest receivable	61	94
		<u>132</u>	<u>174</u>
4	PROFIT BEFORE TAXATION	2016 £000	2015 £000
	Profit before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Owned assets	1,637	2,138
	Profit on sale of tangible fixed assets	(93)	-
	Profit on sale of current asset investments	(100)	-
	Amortisation of intangible fixed assets	301	309
	Operating lease rentals:		
	Land and buildings	1,488	1,453
	Stock:		
	Amounts expensed to cost of sales	123,387	122,414
	Impairment losses recognised in cost of sales	924	863
	Audit services – statutory audit	39	38
	Other services relating to taxation compliance	6	8
		<u></u>	<u></u>
5	EMPLOYEES	2016 Number	2015 Number
	The average number of persons (including directors) employed by the Company during the year was:		
	Office and management	83	75
	Service and sales	348	343
		<u>431</u>	<u>418</u>

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

5 EMPLOYEES (Continued)

Staff costs for the above persons:

	2016 £000	2015 £000
Wages and salaries	13,552	13,210
Social security costs	1,420	1,287
Other pension costs	253	247
	<u>15,225</u>	<u>14,744</u>

DIRECTORS' REMUNERATION

	2016 £000	2015 £000
Emoluments	844	991
Money purchase pension contributions	40	46
Paid to third parties	103	75
	<u>987</u>	<u>1,112</u>

Directors' emoluments disclosed above include the following payments:

	Highest paid director 2016 £000	2015 £000
Emoluments	217	225
Money purchase pension contributions	10	9
	<u>227</u>	<u>234</u>

The total remuneration of the directors and managers who are considered to be the key management personnel of the Company was £1,132,000.

Retirement benefits are accruing to the following number of directors under:

	2016 Number	2015 Number
Money purchase schemes	<u>4</u>	<u>4</u>

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

6	TAXATION	2016	2015
		£000	£000
	Current tax:		
	UK corporation tax on profits of the year	1,253	1,346
	Adjustments in respect of previous year	(1)	(4)
		<u>1,252</u>	<u>1,342</u>
	Total current tax	1,252	1,342
		<u>1,252</u>	<u>1,342</u>
	Tax on profit		

Factors affecting tax charge for the year:	2016	2015
	£000	£000
The tax assessed for the year is higher (2015: higher) than the average standard rate of corporation tax in the UK 20% (2015: 20.75%). The differences are explained below:		
Profit before tax	5,280	5,713
Profit before tax multiplied by the average standard rate of corporation tax in the UK 20% (2015: 20.25%).	1,056	1,157
Effects of:		
Expenses not deductible for tax purposes	97	169
Movement in deferred tax assets not recognised	89	11
Adjustments in respect of previous year	(1)	(4)
Effect of changes in tax rates	11	9
Total tax expense	<u>1,252</u>	<u>1,342</u>

At the 2016 budget, the government announced a reduction in the main rate of Corporation Tax to 17% from 1 April 2020 which was enacted in September 2016 and hence deferred tax balances in these accounts have been reassessed to reflect the rate in the period the related timing differences is expected to reverse. These deferred assets have not been recognised in 2016 £170,000 and 2015 £82,000.

7	DIVIDENDS	2016	2015
		£000	£000
	Dividends paid £5.71 per share (2015: £1.43 per share)	8,000	2,000

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

8 INTANGIBLE FIXED ASSETS

	Goodwill £000
<i>Cost</i>	
At beginning and end of year	6,180
<i>Amortisation</i>	
At beginning of year	3,134
Charge for the year	301
At end of year	3,435
<i>Carrying amount</i>	
At 31 December 2016	2,745
At 31 December 2015	3,046

The amortisation of goodwill is included within administrative expenses.

9 TANGIBLE FIXED ASSETS

	Freehold property £000	Improvements to leasehold property £000	Plant, Vehicles and equipment £000	Total £000
<i>Cost</i>				
At beginning of year	170	4,870	10,296	15,336
Additions	-	114	1,707	1,821
Disposals	(170)	(4)	(430)	(604)
Transfer to stock	-	-	(2,337)	(2,337)
At end of year	-	4,980	9,236	14,216
<i>Depreciation</i>				
At beginning of year	9	2,328	6,936	9,273
Charged in the year	2	295	1,340	1,637
On disposals	(11)	-	(423)	(434)
Transfer to stock	-	-	(1,368)	(1,368)
At end of year	-	2,623	6,485	9,108
<i>Carrying amount</i>				
At 31 December 2016	-	2,357	2,751	5,108
At 31 December 2015	161	2,542	3,360	6,063

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

10 FIXED ASSET INVESTMENTS

The value of investments in subsidiary companies has been fully impaired, the carrying amount as at 31 December 2016 is £nil (2015: £nil) with an original cost of £2,626,000.

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

<i>Name</i>	<i>Class of shares</i>	<i>Holding</i>
Telford Trucks Limited	Ordinary	100%

The registered address for the above Company is Kenrick Way, West Bromwich, West Midlands, B71 4JW.

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit and loss for the year ended on that date for the subsidiary undertakings were as follows:

		Aggregate of share capital and reserves £000	Profit/ (loss) £000
Name			
Telford Trucks Limited		-	-
		<hr/>	<hr/>
11	STOCKS	2016	2015
		£000	£000
	New and used vehicles	23,917	17,627
	Spares and consumables	3,137	3,056
		<hr/>	<hr/>
		27,054	20,683
		<hr/>	<hr/>
12	DEBTORS	2016	2015
		£000	£000
	<i>Amounts falling due within one year:</i>		
	Trade debtors	6,997	8,163
	Amounts owed by group undertaking	5,419	-
	Other debtors	870	998
	Prepayments and accrued income	508	442
		<hr/>	<hr/>
		13,794	9,603
		<hr/>	<hr/>

Debtors are stated net of a provision of £118,000 (2015: £81,000).

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

13	CURRENT ASSET INVESTMENTS	2016	2015
		£000	£000
	Listed investments	-	19

The fair values of the listed equity investments are based on quoted market prices for the equity shares using the bid price.

14	CREDITORS: Amounts falling due within one year	2016	2015
		£000	£000
	Trade creditors	31,464	22,174
	Payments received on account	3,865	4,168
	Corporation tax	633	656
	Other taxation and social security costs	645	685
	Accruals and deferred income	3,644	1,463
	Dividends payable	-	2,000
		40,251	31,146

15	PROVISIONS FOR LIABILITIES	Buyback provision	
		2016	2015
		£000	£000
	At start of year	70	74
	Additions during year	4	51
	Utilised in year	(52)	(55)
	At end of year	22	70

The Company operates a system where some vehicles are sold subject to a buyback agreement. The Company commits to the buyer at the time of purchase to the value of the vehicle on the buyback date at an agreed price ("the guaranteed residual value"). The above represents the Company's estimate of the exposure between the guaranteed residual value and the market value at the buyback date, and hence the existing liability as a result of this arrangement.

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

16	SHARE CAPITAL AND RESERVES	2016 £000	2015 £000
	Allotted, called up and fully paid: 1,400,000 ordinary shares of £1 each	1,400	1,400

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

RESERVES

Reserves of the Company represent the following:

Retained earnings

Cumulative profit and loss net of distributions to owners.

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

17	FINANCIAL INSTRUMENTS	2016 £000	2015 £000
	Financial assets		
	Financial assets that are debt instruments measured at amortised cost	13,286	9,180
		13,286	9,180
	Financial liabilities		
	Financial liabilities measured at amortised cost	(35,108)	(25,637)
		(35,108)	(25,637)

Financial assets measured at amortised cost comprise trade receivables and other debtors which consist of a loan due from a related party (see note 22).

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

18 PENSION SCHEME

The Company operates 3 defined contribution stakeholder pension schemes. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £253,000 (2015: £247,000).

There were contributions payable to the scheme at the year end of £22,000 (2015: £23,000) included in other taxation and social security.

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

19 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2016 £000	2015 £000
Profit after tax	4,028	4,371
Adjustments for:		
Depreciation of tangible fixed assets	1,637	2,138
Amortisation of intangible assets	301	309
Gain on disposal of tangible fixed assets	(93)	-
Gain on disposal of current asset investments	(100)	-
Interest receivable	(132)	(174)
Taxation	1,252	1,342
Operating cash flows before movements in working capital	6,893	7,986
(Increase)/decrease in stock	(5,402)	2,602
(Increase)/decrease in trade and other debtors	(4,191)	773
Increase/(decrease) in trade and other creditors	9,128	(5,646)
Decrease in provisions	(48)	(4)
Cash generated from operations	6,380	5,711

20 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
Amounts due:		
Within 1 year	1,342	1,268
Between 2 and 5 years	3,675	2,842
After 5 years	4,395	3,679
	9,412	7,789

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

21 CONTINGENT LIABILITIES

The Company has given commitments to repurchase vehicles from customers. These commitments amount to £28,588,817 (2015: £15,094,000) and may crystallise at various times within the next seven years. The directors are confident of selling these vehicles as part of normal business activities at a value not significantly different from their repurchase price.

Bonds given by Lloyds Bank as at 31 December 2016 on behalf of the Company amounted to £125,000 (2015: £125,000). On 24 January 2017 these bonds were transferred from Lloyds Bank to HSBC Bank PLC.

The Company has given a fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and a fixed floating charge over all assets and undertaking both present and future on 21 November 2016 to HSBC Bank PLC.

A cross guarantee has been given by the Company to Blyton Holdings Limited on 21 November 2016.

22 RELATED PARTY TRANSACTIONS

Mr CJ Kelly was a shareholder and held controlling interest of Keltruck Limited during the year until the transaction as detailed in note 23 occurred. The following transactions occurred with related entities:

During the year property rental charges of £755,000 (2015: £755,000) were paid to a Company with common controlling interest. In addition, a property was sold to this Company for £250,000 (2015: £nil).

In addition, Mr CJ Kelly, is also a joint landlord of properties on which rental charges of £132,000 (2015: £131,000) were paid during the year.

Included in other debtors is an amount of £nil (2015: £998,000) due from a Company with common controlling interest. Interest on this balance of £71,000 was received during 2016 (2015: £80,000). Also within the year there were £46,000 (2015: £25,000) of sales made to this Company for consultancy services.

Also purchases of £22,000 (2015: £4,000) were made from a Company with related shareholders for the charter of a helicopter. £10,000 was outstanding at the year end (2015: £nil).

As disclosed in note 7, a dividend of £8,000,000 (2015: £2,000,000) was declared to the shareholder during the year, with £8,000,000 (2015: £2,000,000) being paid during the year.

During the year a management fee of £102,500 (2015: £75,000) was charged for the services of Mr CD Kelly, a director of Keltruck Limited, £90,000 of this amount is included within accruals at the year end (2015: £nil).

Keltruck Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

On 21 November 2016, the Company became a wholly owned subsidiary of Blyton Holdings Limited. There is no one controlling party of Blyton Holdings Limited.

Until this date, the Company was controlled by Kelman Limited.

Blyton Holdings Limited is the immediate parent, and is the smallest and largest Company for which consolidated accounts including Keltruck Limited are prepared. The consolidated accounts of Blyton Holdings Limited are not yet available, its first accounting period will end on 31 December 2017.

The registered office of Blyton Holdings Limited is Sigma House, Lakeside, Festival Way, Stoke-On-Trent, ST1 5RY.