

**Strategic Report, Report of the Directors and**  
**Financial Statements for the Year Ended 31 December 2018**  
**for**  
**Clive Brook Limited**



ASE Audit LLP  
Statutory Auditors & Chartered Accountants  
Rowan Court  
Concord Business Park  
Manchester  
Greater Manchester  
M22 0RR

**Clive Brook Limited**

**Contents of the Financial Statements**  
**for the Year Ended 31 December 2018**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Statement of Comprehensive Income</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Cash Flow Statement</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11</b>

**Clive Brook Limited**

**Company Information**  
**for the Year Ended 31 December 2018**

**DIRECTORS:**

Mrs T K Brook  
C R J Brook

**SECRETARY:**

Mrs T K Brook

**REGISTERED OFFICE:**

Bank Chambers  
Market Street  
Huddersfield  
West Yorkshire  
HD1 2EW

**REGISTERED NUMBER:**

06404305 (England and Wales)

**AUDITORS:**

ASE Audit LLP  
Statutory Auditors & Chartered Accountants  
Rowan Court  
Concord Business Park  
Manchester  
Greater Manchester  
M22 0RR

## Clive Brook Limited

### Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

#### **REVIEW OF BUSINESS**

2018 saw the launch of the XC40 which completed our new Volvo product line up transformation and offering which had started in 2015. Whilst Volumes of sales were restricted by limited supply, the addition to the range saw the business achieve record new car sales of over 1,150 marking a 30% increase over 2017 and over 700 Used Volvos retailed too. The growing popularity of the brand has been achieved and supported by numerous national awards for the new range of cars. The business too ensured it received both national, regional and local recognition. The volume increases noted above saw us shortlisted for Automotive Management awards for Improved Dealer Award and Best Retail Group whilst winning Trading Standards Award for Outstanding Customer Service. The increased sales volumes, whilst achieved with slightly reduced margins, will be an investment in future Aftersales growth planned for 2019 and beyond. The database now holds in excess of 10,000 active customers and the investment part way through the year in a new Dealer Management System will further advance efficiencies in our customer contact strategy.

Investment in Staff retention and engagement remains over 80% in both disciplines with investment training and development recording the highest competence and accreditation awarded by the franchise as we are the Volvo Experts.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

##### **General economic conditions**

The general economic environment and levels of consumer and business confidence have a direct impact on levels of demand in the motor retail sector. In addition, fuel prices, interest rates, and levels of unemployment can all significantly impact sales levels. Demand levels are closely monitored by the business on an on-going basis (via sales and enquiry analysis) and action taken accordingly if these measures deviate from expectation.

##### **Manufacturer relationships**

The company relies on the strength of its relationships with the vehicle manufacturers to deliver a significant component of company profitability. Changes in the fortunes and strategy of the company's key manufacturer partners could directly and materially impact the company's result. The directors are confident that the future new products from its manufacturer/supplier will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by the other core business areas of the company, including used vehicle sales, parts sales and service work.

##### **Used vehicle prices**

Used vehicle price volatility can present a significant risk in the event that the market price moves rapidly between the point of purchase and the point of sale of a used vehicle. This leads to reduced margins and increased provisions on unsold stock. This risk is mitigated by a combination of regular monitoring of the used vehicle market by the company used car buyers, a focus on stock turn to reduce the length of time that used vehicles are held in stock, and regular review and re-pricing to ensure that vehicles are priced competitively in the market.

##### **Company people and reputation**

The company has invested heavily in its people and its reputation over a number of years. It is therefore reliant on these individuals to a degree in delivering the company result and reinforcing the underlying Clive Brook brand. The company undertakes a regular review of remuneration and packages to ensure that it attracts and retains the best people.

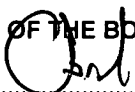
##### **Brexit**

A "No Deal" Brexit would have an impact on the UK car market should that scenario happen on 31 October 2019 as, under World Trade Organisation rules, imported cars would be taxed at 10% when they crossed the UK-EU border. According to the Society of Motor Manufacturers and Traders, these "import tariffs alone could push up the list price of cars imported to the UK from the continent by an average of £1,500 if brands and their retail networks were unable to absorb these additional costs." This could affect demand for new car sales with selling price rises inevitable, although used car volumes may increase. On a more positive note, the UK Government has stated that car parts imported from the EU would remain tariff free after a "No Deal" Brexit.

#### **KEY PERFORMANCE INDICATORS**

These are covered in the Review of Business above.

ON BEHALF OF THE BOARD:



.....  
C R J Brook - Director

Date:

25 / 09 / 2019

**Clive Brook Limited**  
**Report of the Directors**  
**for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2018 (2017: £nil).

**FUTURE DEVELOPMENTS**

Future developments are mentioned in the Strategic Report.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mrs T K Brook  
C R J Brook

**FINANCIAL INSTRUMENTS**

The company uses various financial instruments; these include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instrument are categorised as liquidity risk, market risk, credit risk and cash flow risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The use of financial derivatives is governed by the company's policies approved by the board of directors. The company does not use derivative financial instruments for speculative purposes.

**LIQUIDITY RISK**

Funds available to the company are above operating requirements. The board of directors assess the need for liquidity within the business with reference to the funding cycle most appropriate to the trading performance and the short term cash flow need of the business.

**MARKET RISK**

The new car market for the next 12 months is expected to struggle as the upcoming Brexit deadline has left the industry and economy with an uncertain immediate future.

The Bank of England have made changes to monetary policy, in an attempt to stabilise any immediate and future uncertainty.

**CREDIT RISK**

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is minimal.

The principal credit risk therefore arises from trade debtors. In order to manage credit risk, the directors have implemented processes to ensure receipt of cleared funds for vehicle sales before the vehicle is released. The bonuses due from the manufacturer are paid by direct debit.

Other trade debtors require approved credit in advance which is supported by references and payment is required within the company's credit terms and hence credit risk is minimised.

**CASH FLOW RISK**

The company's activities primarily expose it to the financial risks of changes in its working capital, brought about by the seasonality of the industry and the stock holding requirements.

The board of directors monitor the working capital requirement and are able to assess the commercial rationale against the costs of raising capital through the company's bankers and primary funders.

The security offered by the fixed term/ term deposits are assessed against their potential rewards.

**POST BALANCE SHEET EVENTS**

The company purchased land at its Bradford site for £350,000 in June 2019.

**DISCLOSURE IN THE STRATEGIC REPORT**

The Directors review of business, and their consideration of the risks and uncertainties surrounding the business may be found in the Strategic Report.

**Clive Brook Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2018**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, ASE Audit LLP, who were appointed during the year, who will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



.....  
C R J Brook - Director

Date: 25 / 09 / 2017

**Report of the Independent Auditors to the Members of**  
**Clive Brook Limited**

**Opinion**

We have audited the financial statements of Clive Brook Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 2018 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 Auditors' 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 UK, including the FRC'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.

**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.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 material misstatements in the Strategic Report or the Report of the Directors.

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.

**Report of the Independent Auditors to the Members of**  
**Clive Brook Limited**

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

**Auditors' 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 a Report of the Auditors 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). This description forms part of our Report of the Auditors.

**Use of our report**

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 a Report of the Auditors 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.

*ASE Audit LLP*

Paul Allan Byrne (Senior Statutory Auditor)  
for and on behalf of ASE Audit LLP  
Statutory Auditors & Chartered Accountants  
Rowan Court  
Concord Business Park  
Manchester  
Greater Manchester  
M22 0RR

Date: *25 September 2019*



**Clive Brook Limited**

**Statement of Comprehensive Income**  
**for the Year Ended 31 December 2018**

		2018	2017 as restated
	Notes	£	£
<b>TURNOVER</b>	3	52,160,848	42,147,611
Cost of sales		<u>48,433,452</u>	<u>38,422,566</u>
<b>GROSS PROFIT</b>		3,727,396	3,725,045
Administrative expenses		<u>3,530,558</u>	<u>3,758,480</u>
<b>OPERATING PROFIT/(LOSS)</b>	5	196,838	(33,435)
Interest receivable and similar income		<u>-</u>	<u>8</u>
		196,838	(33,427)
Interest payable and similar expenses	7	<u>127,028</u>	<u>91,897</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		69,810	(125,324)
Tax on profit/(loss)	8	<u>63,070</u>	<u>46,429</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		6,740	(171,753)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>			<u><u>(171,753)</u></u>
Prior year adjustment	9	<u>(225,487)</u>	
<b>TOTAL COMPREHENSIVE LOSS SINCE LAST ANNUAL REPORT</b>		<u><u>(218,747)</u></u>	

The notes form part of these financial statements

**Balance Sheet**  
**31 December 2018**

		2018	2017
		£	as restated £
<b>FIXED ASSETS</b>	Notes		
Tangible assets	10	194,143	177,006
<b>CURRENT ASSETS</b>			
Stocks	11	7,451,053	5,510,939
Debtors	12	2,010,662	2,024,578
Cash at bank and in hand		603,950	221,344
		10,065,665	7,756,861
<b>CREDITORS</b>			
Amounts falling due within one year	13	(9,579,889)	(7,164,836)
<b>NET CURRENT ASSETS</b>		485,776	592,025
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		679,919	769,031
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(34,155)	(10,000)
<b>PROVISIONS FOR LIABILITIES</b>	19	(99,269)	(126,776)
<b>NET ASSETS</b>		546,495	632,255
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	370,100	462,600
Capital redemption reserve	21	92,500	-
Retained earnings	21	83,895	169,655
<b>SHAREHOLDERS' FUNDS</b>		546,495	632,255

The financial statements were approved by the Board of Directors on its behalf by:



C R J Brook - Director

25/09/2019

and were signed on

**Clive Brook Limited**

**Statement of Changes in Equity**  
**for the Year Ended 31 December 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2017	462,600	341,408	-	804,008
Changes in equity				
Total comprehensive income	-	53,734	-	53,734
Balance at 31 December 2017	462,600	395,142	-	857,742
Prior year adjustment	-	(225,487)	-	(225,487)
Balance at 31 December 2017 - as restated	462,600	169,655	-	632,255
Changes in equity				
Redemption of ordinary shares	(92,500)	-	92,500	-
Total comprehensive income	-	(85,760)	-	(85,760)
Balance at 31 December 2018	370,100	83,895	92,500	546,495

**Clive Brook Limited**

**Cash Flow Statement  
for the Year Ended 31 December 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	644,110	24,429
Interest paid		(127,028)	(91,897)
Tax paid		<u>(44,906)</u>	<u>(59,370)</u>
Net cash from operating activities		<u>472,176</u>	<u>(126,838)</u>
 <b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(102,348)	(25,701)
Interest received		<u>-</u>	<u>8</u>
Net cash from investing activities		<u>(102,348)</u>	<u>(25,693)</u>
 <b>Cash flows from financing activities</b>			
Repayment of bank loans		(15,000)	(15,000)
Other loan advances		57,778	-
Repayment of other loans		(5,314)	(66,323)
Amounts advanced by directors		-	283,508
Amount withdrawn by directors		<u>(24,686)</u>	<u>(20,605)</u>
Net cash from financing activities		<u>12,778</u>	<u>181,580</u>
 <b>Increase/(decrease) in cash and cash equivalents</b>		<u>382,606</u>	<u>29,049</u>
<b>Cash and cash equivalents at beginning of year</b>	28	<u>221,344</u>	<u>192,295</u>
 <b>Cash and cash equivalents at end of year</b>	28	<u><u>603,950</u></u>	<u><u>221,344</u></u>

The notes form part of these financial statements

## **Clive Brook Limited**

### **Notes to the Financial Statements** **for the Year Ended 31 December 2018**

#### **1. STATUTORY INFORMATION**

Clive Brook Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 06404305. The company's registered office address is Bank Chambers, Market Street, Huddersfield, West Yorkshire, HD1 2EW.

The presentation currency of the financial statement is Pound Sterling (£).

The principal activity of company is that of the operation of a motor dealership involving the sale, maintenance and repair of motor vehicles and the supply of related accessories.

The company has no one single place of business.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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.

##### **Significant judgements and estimates**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### **Consignment stock**

Vehicles held on consignment have been included in 'vehicles' within 'stocks' on the basis that the company has determined that it holds the significant risks and rewards attached to these vehicles.

##### **Stock valuation**

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass' and CAP valuation guides. The directors maintain oversight of ageing stock profiles and a monthly review of any provision required is performed.

##### **Incentives and other rebates from the brand partner**

The company receives income in the form of various incentives which are determined by the brand partner. The amount received is generally based on achieving specific objectives such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Objectives are generally set and measured on either a quarterly or annual basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

The company may also receive contributions towards advertising, promotional and rent expenditure. Where such contributions are received they are recognised as a reduction in the related expenditure in the period to which they relate.

##### **Turnover**

Turnover from the sale of goods is recognised in the Statement of Comprehensive Income, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is accounted for on a receivable basis and is recognised in cost of sales.

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**2. ACCOUNTING POLICIES - continued**

**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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 the Statement of Comprehensive Income 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 on the following basis:

Improvements to property	-	Over 1 year
Plant and machinery	-	5% to 20% on cost
Fixtures and fittings	-	5% to 20% on cost
Computer equipment	-	10% to 20% on cost

**Stocks**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for slow moving items.

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 the Statement of Comprehensive Income.

Consignment vehicles which bear considerably more of the risks and responsibilities of ownership are regarded effectively as being under control of the company and, in accordance with the FRS 102 are included in stocks on the Statement of Financial Position, although legal title has not passed to the company. The corresponding liability is included in trade creditors and is secured directly on these vehicles.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**2. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

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 payments 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.

**Financial instruments**

The company only has basic financial instruments which are recognised at amortised cost. The company does not enter into derivative financial instruments.

**Debtors**

Short term debtors are measured at transaction price less any impairment.

**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.

**Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt on an accruals basis.

**3. TURNOVER**

The turnover and profit (2017 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018 £	2017 £
Sale of goods	50,536,196	40,489,237
Rendering of services	1,624,652	1,658,374
	<u>52,160,848</u>	<u>42,147,611</u>

All turnover arose in the UK in both years.

**4. EMPLOYEES AND DIRECTORS**

	2018 £	2017 £
Wages and salaries	1,934,717	1,967,096
Social security costs	184,124	96,389
Other pension costs	28,552	10,751
	<u>2,147,393</u>	<u>2,074,236</u>

The average number of employees during the year was as follows:

	2018	2017
Sales	30	28
Parts & Service	37	34
Administration	12	12
	<u>79</u>	<u>74</u>

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**4. EMPLOYEES AND DIRECTORS - continued**

	2018	2017
	£	£
Directors' remuneration	164,882	246,524
Directors' pension contributions to money purchase schemes	<u>1,819</u>	<u>2,150</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

During the year, a total of key management personnel compensation of £185,094 (2017: £248,674) was paid.

**5. OPERATING PROFIT/(LOSS)**

The operating profit (2017 - operating loss) is stated after charging:

	2018	2017 as restated
	£	£
Other operating leases	158,468	267,477
Depreciation - owned assets	77,419	75,186
Loss on disposal of fixed assets	7,792	-
Audit fees	<u>10,450</u>	<u>6,750</u>

**6. EXCEPTIONAL ITEMS**

	2018	2017
	£	£
Director's loan waiver	<u>-</u>	<u>90,981</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018	2017
	£	£
Bank interest on loans and overdrafts	12,374	21,900
Stocking loan interest	<u>114,654</u>	<u>69,997</u>
	<u>127,028</u>	<u>91,897</u>

**8. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	21,601	46,846
Underprovision in prior years	<u>46,846</u>	<u>11,757</u>
Total current tax	68,447	58,603
Deferred tax	<u>(5,377)</u>	<u>(12,174)</u>
Tax on profit/(loss)	<u>63,070</u>	<u>46,429</u>



**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**8. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 as restated £
Profit/(loss) before tax	<u>69,810</u>	<u>(125,324)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	13,264	(24,125)
Effects of:		
Expenses not deductible for tax purposes	-	17,508
Adjustments to tax charge in respect of previous periods	47,335	11,757
Changes in tax rate	-	(2,117)
Prior period adjustment	-	43,406
Depreciation on non qualifying assets	<u>2,471</u>	<u>-</u>
Total tax charge	<u>63,070</u>	<u>46,429</u>

A reduction in the corporation tax rate from 19% to 17% from 1 April 2020 was substantively enacted on 16 September 2016. Future tax liabilities will reduce accordingly.

**9. PRIOR YEAR ADJUSTMENT**

During 2018 the company became aware of certain provisions which had not been made in the financial statements for the year ended 31 December 2017; trade debtors of £91,276, stock impairments of £34,279, onerous lease commitments of £94,040, and accruals of £5,892. A prior period adjustment has therefore been made for these errors amounting to £225,487 which has reduced profits and net assets by this amount.

**10. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 January 2018	2,037	147,086	298,515	194,552	642,190
Additions	-	18,166	47,507	36,675	102,348
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,315)</u>	<u>(21,315)</u>
At 31 December 2018	<u>2,037</u>	<u>165,252</u>	<u>346,022</u>	<u>209,912</u>	<u>723,223</u>
<b>DEPRECIATION</b>					
At 1 January 2018	2,037	99,849	207,235	156,063	465,184
Charge for year	-	18,509	41,443	17,467	77,419
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,523)</u>	<u>(13,523)</u>
At 31 December 2018	<u>2,037</u>	<u>118,358</u>	<u>248,678</u>	<u>160,007</u>	<u>529,080</u>
<b>NET BOOK VALUE</b>					
At 31 December 2018	<u>-</u>	<u>46,894</u>	<u>97,344</u>	<u>49,905</u>	<u>194,143</u>
At 31 December 2017	<u>-</u>	<u>47,237</u>	<u>91,280</u>	<u>38,489</u>	<u>177,006</u>

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**11. STOCKS**

	2018	2017 as restated
	£	£
Vehicle stock	7,320,862	5,492,973
Parts and work in progress	<u>130,191</u>	<u>17,966</u>
	<u><b>7,451,053</b></u>	<u><b>5,510,939</b></u>

Stock recognised in cost of sales during the year as an expense was £47,931,490 (2017: £38,161,620)

An impairment gain of £27,564 (2017: £39,729 as restated) was reversed against (2017: was charged to) cost of sales in respect of slow moving and obsolete stock.

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017 as restated
	£	£
Trade debtors	1,453,226	991,426
Other debtors	370,000	462,500
Director's loan account	24,686	-
Corporation tax	-	48,786
VAT	-	447,630
Prepayments	<u>162,750</u>	<u>74,236</u>
	<u><b>2,010,662</b></u>	<u><b>2,024,578</b></u>

An impairment movement of £62,084 (2017: £66,980 as restated) was released (2017: was charged) against trade debtors in respect of bad and doubtful debts.

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017 as restated
	£	£
Bank loan (see note 15)	10,000	15,000
Other loan (see note 15)	18,309	-
Trade creditors	9,224,173	6,935,589
Tax	21,601	46,846
Social security and other taxes	207,001	50,419
Accruals	<u>98,805</u>	<u>116,982</u>
	<u><b>9,579,889</b></u>	<u><b>7,164,836</b></u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018	2017
	£	£
Bank loan (see note 15)	-	10,000
Other loan (see note 15)	<u>34,155</u>	<u>-</u>
	<u><b>34,155</b></u>	<u><b>10,000</b></u>

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**15. LOANS**

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year or on demand:		
Bank loan	10,000	15,000
Other loan	<u>18,309</u>	<u>-</u>
	<u>28,309</u>	<u>15,000</u>
 Amounts falling due between one and two years:		
Bank loan - 1-2 years	-	10,000
Other loan - 1-2 years	<u>19,576</u>	<u>-</u>
	<u>19,576</u>	<u>10,000</u>
 Amounts falling due between two and five years:		
Other loan - 2-5 years	<u>14,579</u>	<u>-</u>

The bank loan matures on 1 July 2019 with repayments being made in monthly instalments and an applicable interest rate of 5%.

The other loan is payable over 36 monthly instalments ending in September 2021 at an interest rate of 6.15%.

**16. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	193,400	193,400
Between one and five years	<u>655,700</u>	<u>849,100</u>
	<u>849,100</u>	<u>1,042,500</u>

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	2018 £	2017 £
Bank loan	10,000	25,000
Stocking loan	<u>8,305,028</u>	<u>6,300,228</u>
	<u>8,315,028</u>	<u>6,325,228</u>

The unit stocking facility of £9.35 million facility is secured against a cash deposit of £100,000 held in favour of Volvo Car Credit and a debenture over the vehicles included in the stocking facility.

The bank loan is secured over all the assets of the company and directors' personal guarantees, which are disclosed in note 25.

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**18. FINANCIAL INSTRUMENTS**

	2018 £	2017 As restated £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>2,451,862</u>	<u>1,675,270</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>9,385,442</u>	<u>7,077,572</u>

Financial assets measured at amortised cost comprise cash balances, trade debtors, director's loan account and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals where a cash settlement will take place, bank loans and other loans.

**19. PROVISIONS FOR LIABILITIES**

	2018 £	2017 as restated £
Deferred tax	<u>27,359</u>	<u>32,736</u>
Other provisions	<u>71,910</u>	<u>94,040</u>
Aggregate amounts	<u>99,269</u>	<u>126,776</u>

The movement on provisions during the year was:-

	£
Balance at 1 January 2018	126,776
Credited to Income Statement during the year	<u>(27,507)</u>
Balance at 31 December 2018	<u>99,269</u>

The deferred tax liability comprises:-

	2018 £	2017 £
Accelerated capital allowances	30,690	33,631
Short term timing differences	<u>(3,331)</u>	<u>(895)</u>
	<u>27,359</u>	<u>32,736</u>

The other provision relates to onerous lease commitments.

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2018	2017
Number:	Class:		£	£
370,100	Ordinary	£1	<u>370,100</u>	<u>462,600</u>
			2018	2017
			£	£
At 1 January			462,600	462,600
Redeemed			<u>(92,500)</u>	<u>-</u>
At 31 December			<u>370,100</u>	<u>462,600</u>

The consideration relating to the original shares was the provision of guarantees in respect of company borrowings by the directors. The guarantees are payable on demand. An ex-director was released from his guarantee during the year and the share capital has been reduced accordingly.

**21. RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2018	395,142	-	395,142
Prior year adjustment	<u>(225,487)</u>	<u>-</u>	<u>(225,487)</u>
At 1 January 2018 – as restated	169,655	-	169,655
Profit for the year	6,740	-	6,740
Purchase of own shares	<u>(92,500)</u>	<u>92,500</u>	<u>-</u>
At 31 December 2018	<u>83,895</u>	<u>92,500</u>	<u>176,395</u>

**Retained Earnings**

This reserve includes all current and prior period retained profit and losses less dividends paid and shares redeemed.

**Capital Redemption Reserve**

This reserve includes the nominal value of the shares acquired by the company and subsequently cancelled.

**22. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amount to £28,552 (2017: £10,751). The contributions accrued at the year end amounted to £17,533 (2017: £4,712).

**23. CAPITAL COMMITMENTS**

The company has the option to purchase the premises at Leeds Road, Huddersfield and Canal Road, Bradford for the sum of £1,500,000 on 8 April 2023.

**Clive Brook Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2018**

**24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

**Mr C R J Brook**

	2018	2017
	£	£
At 1 January	-	262,903
Advances	24,686	20,605
Repayments	-	(192,527)
Amounts written off	-	(90,981)
	<u>24,686</u>	<u>-</u>
At 31 December	<u>24,686</u>	<u>-</u>

The loan is interest free and repayable on demand.

**25. RELATED PARTY DISCLOSURES**

The bank loan and overdraft is secured over the life policies of the directors and freehold property in the pension fund.

**26. ULTIMATE CONTROLLING PARTY**

There was no controlling party at either year end.

**27. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018	2017 as restated
	£	£
Profit/(loss) before taxation	69,810	(125,324)
Depreciation charges	77,419	75,186
Loss on disposal of fixed assets	7,792	-
Finance costs	127,028	91,897
Onerous lease credit	(22,130)	-
Finance income	-	(8)
	<u>259,919</u>	<u>41,751</u>
Increase in stocks	(2,908,160)	(1,751,717)
Increase in trade and other debtors	(102,684)	(39,488)
Increase in trade and other creditors	<u>3,395,035</u>	<u>1,773,883</u>
<b>Cash generated from operations</b>	<u><u>644,110</u></u>	<u><u>24,429</u></u>

**28. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2018**

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>603,950</u>	<u>221,344</u>

**Year ended 31 December 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>221,344</u>	<u>192,295</u>