

Company Registration No. 06404305 (England and Wales)

**CLIVE BROOK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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# CLIVE BROOK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mrs T K Brook Mr C R J Brook
<b>Secretary</b>	Mrs T K Brook
<b>Company number</b>	06404305
<b>Registered office</b>	Bank Chambers Market Street Huddersfield HD1 2EW
<b>Auditor</b>	Simpson Wood Limited Bank Chambers Market Street Huddersfield HD1 2EW
<b>Business address</b>	355 Canal Road Bradford BD2 1AA

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# CLIVE BROOK LIMITED

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# CLIVE BROOK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present the strategic report for the year ended 31 December 2017.

#### **Fair review of the business**

Clive Brook Ltd is a fully authorised Volvo Retailer and authorised Volvo Repairer (Volvo Car Franchised Dealer), with currently 2 locations based in Bradford and Huddersfield we solely represent the Volvo Brand in both these Primary Areas of Representation (PAR). In the UK there are just over 100 Volvo Dealers. The combined Bradford and Huddersfield areas have annual new car sales volumes that support the companies ability to supply circa 1,000 new Volvos and over 700 used Volvo sales. With the company now in its tenth year it also holds a database of over 10,000 recently transacted customers records for both car sales, service and parts sales. With a number of retention programmes covering both the funding and service/maintenance agreements the retention of customers exceeds 70%. The positive on line referrals, known reputation and high levels of attained customer satisfaction supports the consumer loyalty to the company. The acquisition of the Huddersfield site now about to enter its third year during 2018 will see further contributions to the financial performance of the business.

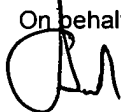
#### **Principal risks and uncertainties**

The company's core product is Volvo cars and has chosen a franchised partner who is enjoying high praise and recognition for both new products coming to market at an increased rate and those products being a part of segments that are growing in a market that is in overall decline. The decreasing demand for diesel engines has been matched by the companies' ability to supply both petrol and hybrid versions with a very clear and market leading statement to be at the forefront of electrification, autonomous and the advent of subscription acquisition. The growing demand for consumers to both find the knowledge and sourcing of vehicles has ensured the company remains at the forefront of the consumer with the very latest Website platform and presence with all the current and emerging routes to market. This will be disruptive for the traditional Dealership but not for the company as it consistently researches and invests in the ability to deliver a virtual experience matched with its already established physical presence. The principal risks will remain with the consumers every changing demands and the manufacturers desire for the company to have the very latest CI schemes.

#### **Development and performance**

The company is now in a position to see an increase in its ROS reach well published and achievable 1 to 2%. With total sales likely to reach £50m the returns will enable the company to invest in the future of the brand at both locations and take advantage of the further opportunities both the brand and Volvo's parent company bring to the market over the coming years. The senior management team have all been a part of both management and leadership programmes which resulted in a number of industry awards in 2017 notably The Best Company to Work being one of only 15 Franchised Dealers (out of a potential of 4200). With the already noted reputation, investment in both staff, the growing consideration and desire for the brand the company is in a strong position to achieve its goals in the run up to 2020.

On behalf of the board



Mr C R J Brook  
**Director**  
1 June 2018

# CLIVE BROOK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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

#### Principal activities

The principal activity of the company is that of a car dealership.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D A Cole

(Resigned 1 March 2018)

Mrs T K Brook

Mr C R J Brook

#### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Future developments

The outlook remains very positive for the Volvo Brand as its global sales success has seen its parent company Geely take interest or ownership in a number of other brands namely Daimler with ownership of Lotus/Proton and the manufacturing of London Taxi Cabs. There are 2 new brands Geely are bringing to market in the UK in the near future that will look to the UK Volvo network to support too. These being Lynk & Co and Polestar. All these products using the Volvo chassis and mechanicals. With countless Industry awards for a number of recent new products which included the converted Car Of The Year for the New XC40. There are further new products arriving from Volvo which should see an improvement in new car profitability. The UK continues to see growth in its annual sales which is reflected locally with our new car sales volumes now exceeding 1000 and 700 used Volvos a year. This in turn is supporting the growth in aftersales income as the car park grows and gives us greater opportunity grow both of the current sites to the full capacity. We are introducing new working practices that should allow us to increase our aftersales income and in turn increase our revenues by a further 25% before the need to find additional workshop space. This in turn will also grow our Parts sales which currently exceed £2m.

As noted the outlook is bright despite the disruptions to the market with reducing diesel sales and new entrants to the market including the increasing opportunity to allow customers to buy online. One aspect of the business that can not be achieved on line and that is the routine servicing and maintenance and we continue to offer the highest skill and service levels with Service plans that ensure high levels of retention. The company remains ambitious to grow the Volvo brand both in territory and to seek further growth opportunities with additional Volvo associated sites in the future.


#### Auditor

Simpson Wood Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr C R J Brook

Director

1 June 2018

# **CLIVE BROOK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2017***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

# CLIVE BROOK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CLIVE BROOK LIMITED

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#### Opinion

We have audited the financial statements of Clive Brook Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the 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 our audit:

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

# CLIVE BROOK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CLIVE BROOK LIMITED

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### 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 and 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.

### Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.



**Mark Fielding FCA (Senior Statutory Auditor)**  
for and on behalf of Simpson Wood Limited

1 June 2018

**Chartered Accountants**  
**Statutory Auditor**

Bank Chambers  
Market Street  
Huddersfield  
HD1 2EW



# CLIVE BROOK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	42,147,611	36,250,548
Cost of sales		(38,388,287)	(32,954,307)
<b>Gross profit</b>		<b>3,759,324</b>	<b>3,296,241</b>
Administrative expenses		(3,476,291)	(2,927,102)
Exceptional item	4	(90,981)	-
<b>Operating profit</b>	5	<b>192,052</b>	<b>369,139</b>
Interest receivable and similar income	8	8	5
Interest payable and similar expenses	9	(91,897)	(110,398)
<b>Profit before taxation</b>		<b>100,163</b>	<b>258,746</b>
Tax on profit	10	(46,429)	(55,323)
<b>Profit for the financial year</b>		<b>53,734</b>	<b>203,423</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# CLIVE BROOK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	11		177,006		226,491
<b>Current assets</b>					
Stocks	13	5,536,434		3,759,222	
Debtors	14	2,115,855		1,812,118	
Cash at bank and in hand		221,344		192,295	
		<u>7,873,633</u>		<u>5,763,635</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(7,150,161)</u>		<u>(5,116,208)</u>	
<b>Net current assets</b>			723,472		647,427
<b>Total assets less current liabilities</b>			<u>900,478</u>		<u>873,918</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(10,000)		(25,000)
<b>Provisions for liabilities</b>	18		(32,736)		(44,910)
<b>Net assets</b>			<u>857,742</u>		<u>804,008</u>
<b>Capital and reserves</b>					
Called up share capital	21	462,600		462,600	
Profit and loss reserves		395,142		341,408	
<b>Total equity</b>			<u>857,742</u>		<u>804,008</u>

The financial statements were approved by the board of directors and authorised for issue on 1 June 2018 and are signed on its behalf by:



Mr C R J Brook  
Director

Company Registration No. 06404305

# CLIVE BROOK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2016	462,600	137,985	600,585
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	203,423	203,423
Balance at 31 December 2016	462,600	341,408	804,008
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	53,734	53,734
Balance at 31 December 2017	462,600	395,142	857,742

# CLIVE BROOK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		24,429		312,604
Interest paid			(91,897)		(110,398)
Income taxes (paid)/refunded			(59,370)		6,759
<b>Net cash (outflow)/inflow from operating activities</b>			(126,838)		208,965
<b>Investing activities</b>					
Purchase of tangible fixed assets		(25,701)		(68,668)	
Proceeds on disposal of tangible fixed assets		-		4,500	
Proceeds from other investments and loans		262,903		(67,761)	
Interest received		8		5	
<b>Net cash generated from/(used in) investing activities</b>			237,210		(131,924)
<b>Financing activities</b>					
Repayment of borrowings		(66,323)		(67,645)	
Repayment of bank loans		(15,000)		(15,000)	
<b>Net cash used in financing activities</b>			(81,323)		(82,645)
<b>Net increase/(decrease) in cash and cash equivalents</b>			29,049		(5,604)
Cash and cash equivalents at beginning of year			192,295		197,899
<b>Cash and cash equivalents at end of year</b>			221,344		192,295

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

#### Company information

Clive Brook Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bank Chambers, Market Street, Huddersfield, HD1 2EW.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	5% or 20% straight line
Fixtures, fittings & equipment	5% or 20% straight line
Computer equipment	10% or 20% straight line
Other assets	over 1 year

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

Stocks include vehicles held on consignment as the risks and rewards are with the company.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.8 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 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified 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.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified 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.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.



# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

##### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 3 Turnover and other revenue

	2017	2016
	£	£
Other significant revenue		
Interest income	8	5
	<u>8</u>	<u>5</u>

### 4 Exceptional costs

	2017	2016
	£	£
Amounts written off loan	90,981	-
	<u>90,981</u>	<u>-</u>

The exceptional costs relate to the write off of an overdrawn directors loan account.

### 5 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	6,750	6,750
Depreciation of owned tangible fixed assets	75,186	79,302
(Profit)/loss on disposal of tangible fixed assets	-	3,155
Cost of stocks recognised as an expense	38,161,620	32,722,528
	<u>38,161,620</u>	<u>32,722,528</u>

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Sales	28	21
Parts & Service	34	30
Administration	12	11
	<u>74</u>	<u>62</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,967,096	1,656,824
Social security costs	96,389	67,800
Pension costs	10,751	10,136
	<u>2,074,236</u>	<u>1,734,760</u>

### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	246,524	233,821
Company pension contributions to defined contribution schemes	2,150	1,649
	<u>248,674</u>	<u>235,470</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	<u>106,267</u>	<u>107,915</u>

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	8	-
Other interest income	-	5
	<u>8</u>	<u>5</u>
<b>Total income</b>	<u>8</u>	<u>5</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>8</u>	<u>-</u>
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### 9 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	21,900	25,054
<b>Other finance costs:</b>		
Other interest	69,997	85,344
	<u>91,897</u>	<u>110,398</u>

### 10 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	46,846	59,369
Adjustments in respect of prior periods	11,757	-
	<u>58,603</u>	<u>59,369</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(12,174)</u>	<u>(4,046)</u>
<b>Total tax charge</b>	<u>46,429</u>	<u>55,323</u>

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	100,163	258,746
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	19,281	51,749
Tax effect of expenses that are not deductible in determining taxable profit	17,508	3,574
Adjustments in respect of prior years	11,757	-
Effect of change in corporation tax rate	(2,117)	-
Tax expense for the year	46,429	55,323

#### 11 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Other assets £	Total £
<b>Cost</b>					
At 1 January 2017	132,986	292,922	188,544	2,037	616,489
Additions	14,100	5,593	6,008	-	25,701
At 31 December 2017	147,086	298,515	194,552	2,037	642,190
<b>Depreciation and impairment</b>					
At 1 January 2017	83,803	171,646	132,512	2,037	389,998
Depreciation charged in the year	16,046	35,589	23,551	-	75,186
At 31 December 2017	99,849	207,235	156,063	2,037	465,184
<b>Carrying amount</b>					
At 31 December 2017	47,237	91,280	38,489	-	177,006
At 31 December 2016	49,183	121,276	56,032	-	226,491

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,545,203	1,660,031
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	7,062,896	5,028,096

### 13 Stocks

	2017 £	2016 £
Work in progress	17,966	2,023
Finished goods and goods for resale	5,518,468	3,757,199
	5,536,434	3,759,222

### 14 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	695,307	755,088
Corporation tax recoverable	48,786	60,542
Other debtors	1,297,526	904,943
Prepayments and accrued income	74,236	91,545
	2,115,855	1,812,118

Trade debtors disclosed above are measured at amortised cost.

Other debtors includes an amount of £462,500 (2016 - £462,500) which relates to the issue of 462,500 ordinary £1 shares that were issued during 2012 as fully paid. Originally the consideration relating to this issue of shares was the provision of guarantees in respect of company borrowings by the directors. The guarantees were repayable on demand. The directors have now released these guarantees and the share capital has been reduced post year end.

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	15,000	15,000
Other borrowings	17	-	66,323
Trade creditors		561,271	484,671
Corporation tax		46,846	59,369
Other taxation and social security		50,419	53,743
Other creditors		6,374,319	4,340,005
Accruals and deferred income		102,306	97,097
		<u>7,150,161</u>	<u>5,116,208</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	<u>10,000</u>	<u>25,000</u>

### 17 Loans and overdrafts

	2017 £	2016 £
Bank loans	25,000	40,000
Other loans	-	66,323
	<u>25,000</u>	<u>106,323</u>
Payable within one year	15,000	81,323
Payable after one year	<u>10,000</u>	<u>25,000</u>

The long-term loans are secured by a debenture dated 6 December 2007 in respect of all the company's assets and a charge over a life policy dated 11 April 2008. This debenture also covers the overdraft, which is now secured against a personal guarantee from Mr C R J Brook. Mr D A Cole was released of his guarantee upon his resignation as director.

The bank loan matures on 1 July 2019 with repayments being made in monthly instalments and an applicable interest rate of 5%. The bank overdraft is repayable on demand and has a rate of 2% over base rate up to a limit of £100,000.

Security relating to the unit stocking facility has been updated to provide a £9.35 million facility 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.

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	19	32,736	44,910

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	33,631	45,298
Retirement benefit obligations	(895)	(388)
	<u>32,736</u>	<u>44,910</u>
<b>Movements in the year:</b>		2017 £
Liability at 1 January 2017		44,910
Credit to profit or loss		(12,174)
Liability at 31 December 2017		<u>32,736</u>

The deferred tax liability set out above is expected to reverse within four years and relates to £33,631 of accelerated capital allowances that are expected to mature within the same period. The deferred tax asset of £895 relates to retirement benefits and is expected to reverse within 12 months.

### 20 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>10,751</u>	<u>10,136</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.



# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 21 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
462,600 Ordinary shares of £1 each	462,600	462,600
	<u>462,600</u>	<u>462,600</u>

### 22 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	193,400	173,400
Between two and five years	849,100	1,012,500
	<u>1,042,500</u>	<u>1,185,900</u>

### 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.

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>248,674</u>	<u>235,470</u>

# CLIVE BROOK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 25 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Amounts written off £	Closing balance £
Mr C R J Brook - Director's loan	-	262,903	20,605	(192,527)	(90,981)	-
		<u>262,903</u>	<u>20,605</u>	<u>(192,527)</u>	<u>(90,981)</u>	<u>-</u>

### 26 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	53,734	203,423
<b>Adjustments for:</b>		
Taxation charged	46,429	55,323
Finance costs	91,897	110,398
Investment income	(8)	(5)
(Gain)/loss on disposal of tangible fixed assets	-	3,155
Depreciation and impairment of tangible fixed assets	75,186	79,302
<b>Movements in working capital:</b>		
(Increase) in stocks	(1,777,212)	(372,959)
(Increase) in debtors	(130,766)	(286,646)
Increase in creditors	1,665,169	520,613
<b>Cash generated from operations</b>	<u>24,429</u>	<u>312,604</u>