

NI Trucks Limited

Directors' report, strategic report and financial statements
for the year ended 31 December 2016

Registered No: NI 048950 (Northern Ireland)



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Directors and advisers

Directors

Stephen Sproule
Mark Smith

Company secretary

Colm Magee

Registered office

3 Mallusk Road
Newtownabbey
Co Antrim
BT36 4PP

Bankers

Ulster Bank Limited
2 Farmley Road
Newtownabbey
Co Antrim
BT36 7QU

Auditors

Johnston Kennedy DFK
Chartered Accountants
Registered Auditors
10 Pilots View
Heron Road
Belfast
BT3 9LE

Directors' report

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

Dividends

The directors report that an interim dividend of £330,000 was paid during the year (2015 - £350,000).

Directors

Stephen Sproule and Mark Smith held office during the financial year.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Having made the requisite enquiries:

- (a) as far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) the directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report (continued)

Independent auditors

The auditors, Johnston Kennedy DFK, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

By order of the board



Colm Magee
Company secretary

31 March 2017

Strategic report

Principal activity

The principal activity of the company is that of commercial vehicle distributor, being the sole distributor in Northern Ireland for Iveco and IvecoBus commercial vehicles. This activity remains unchanged from last year.

Review of the company's business

The market for commercial vehicles in Northern Ireland remained challenging and very competitive.

The company's turnover increased by 14% to £17m and, despite gross profitability on sales reducing marginally from 20.8% to 19.5%, gross profit increased by £220k to £3,315k. Total overheads increased by £201k to £2,933k. Operating profit for the year increased by £25k to £420k. The net interest charge increased by £20k leaving profit before tax at £379k.

The balance sheet remains strong. Net assets reduced from £1,530k to £1,502k after adding the profit after tax of £302k and deducting the payment of a dividend of £330k. The company has secure banking facilities and its cash flows from operations are positive.

The company invested £94k (2015 - £198k) in fixed assets during the year, comprising mainly plant and machinery and motor vehicles.

Principal risks and uncertainties facing the company

The company does not have significant exposure to business risks. The only business risks are financial risks. In the course of business the company has exposure to normal levels of risk on exchange rates, interest rates, credit transactions and liquidity. The board reviews and agrees policies for the prudent management of these risks as follows:

- **currency risk** – the company trades primarily in pounds sterling and does not have significant exposure to currency risk;
- **finance and interest rate risk** - the company's objective in relation to interest rate management is to minimise the impact of interest rate volatility on interest costs. The company's borrowings are held in mainly variable rate interest arrangements. In the current low interest rate environment the board considers that its current interest rate position is appropriate but this will continue to be reviewed and reassessed;
- **liquidity and cash flow risk** – the company's objective in relation to liquidity and cash flow management is to ensure that it has ready access to credit lines, significant headroom on its bank facilities and short term cash deposit arrangements; and
- **credit risk** - the company has no significant concentrations of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being granted and the balances owed are continually monitored.

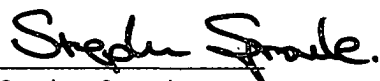
Company performance is monitored by KPIs relating to turnover growth, gross profitability and net profitability. Annual budgets are prepared and management accounts are prepared monthly with detailed analysis of variances and unexpected fluctuations.

Strategic report (continued)

Post balance sheet events

There are no significant post balance sheet events.

Approved by the board on 31 March 2017



Stephen Sproule
Director

31 March 2017

Independent auditors' report to the shareholders of NI Trucks Limited

We have audited the financial statements of NI Trucks Limited for the year ended 31 December 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. 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".

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities (set out on page 2) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the shareholders of NI Trucks Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report and the strategic report for the financial year which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mr Alec Johnston (Senior Statutory Auditor)

For and on behalf of:

Johnston Kennedy DFK, Statutory Auditor

Chartered Accountants and Registered Auditors

10 Pilots View

Heron Road

Belfast

BT3 9LE

31 March 2017

Profit and loss account

	Notes	2016 £	2015 £
Turnover	3	16,961,096	14,873,994
Cost of sales		(13,646,393)	(11,779,355)
Gross profit		3,314,703	3,094,639
Distribution costs		(1,188,382)	(1,099,296)
Administrative expenses		(1,744,320)	(1,632,912)
Other operating income		37,706	32,844
Operating profit	4	419,707	395,275
Other interest receivable and similar income	7	190	2,737
Interest payable and similar charges	8	(41,353)	(23,916)
Profit on ordinary activities before taxation		378,544	374,096
Tax on profit on ordinary activities	9	(76,413)	(77,499)
Profit for the financial year		302,131	296,597

Continuing operations

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Historical cost

The results disclosed in the profit and loss account have been presented on an historical cost basis.

Statement of comprehensive income

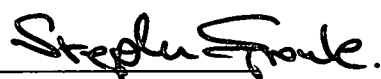
There is no other comprehensive income to report in addition to the profit for the financial year.

The notes on pages 12 to 19 are an integral part of these financial statements.

Balance sheet

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	11	<u>212,237</u>	<u>226,570</u>
Current assets			
Stocks and work in progress	12	3,801,000	4,183,649
Debtors	13	3,754,316	1,516,449
Cash at bank and in hand		<u>1,149</u>	<u>573,352</u>
		7,556,465	6,273,450
Creditors: amounts falling due within one year	14	<u>(6,220,882)</u>	<u>(4,892,481)</u>
Net current assets		<u>1,335,583</u>	<u>1,380,969</u>
Total assets less current liabilities		1,547,820	1,607,539
Creditors: amounts falling due after one year	15	(31,340)	(61,455)
Provisions for liabilities and charges	18	<u>(14,802)</u>	<u>(16,537)</u>
Net assets		<u>1,501,678</u>	<u>1,529,547</u>
Capital and reserves			
Called up share capital	19	20,000	20,000
Retained earnings		<u>1,481,678</u>	<u>1,509,547</u>
Total equity		<u>1,501,678</u>	<u>1,529,547</u>

The financial statements were approved by the Board and authorised for issue on 31 March 2017.



Stephen Sproule
Director

Registered number: NI 048950 (Northern Ireland)

The notes on pages 12 to 19 are an integral part of these financial statements.



Statement of changes in equity

	Notes	Called up share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2015		20,000	1,562,950	1,582,950
Profit for the year		-	296,597	296,597
Dividends	10	-	(350,000)	(350,000)
Balance as at 31 December 2015		20,000	1,509,547	1,529,547
Profit for the year		-	302,131	302,131
Dividends	10	-	(330,000)	(330,000)
Balance as at 31 December 2016		20,000	1,481,678	1,501,678

The notes on pages 12 to 19 are an integral part of these financial statements.



Statement of cash flows

	Notes	2016 £	2015 £
Net cash from operating activities	20	172,913	1,362,436
Corporation tax paid		(51,137)	(57,012)
Net cash generated from operating activities		121,776	1,305,424
Cash flow from investing activities			
Acquisition of tangible assets		(93,700)	(107,415)
Proceeds from disposal of tangible assets		2,700	1,250
Interest received		190	2,737
Net cash used in investing activities		(90,810)	(103,428)
Cash flow from financing activities			
Equity dividends paid	10	(330,000)	(350,000)
Repayments of obligations under finance leases		(29,038)	-
Interest paid		(42,187)	(23,916)
Net cash used in financing activities		(401,225)	(373,916)
Net (decrease)/increase in cash and cash equivalents		(370,259)	828,080
Cash and cash equivalents at beginning of year		219,768	(608,312)
Cash and cash equivalents at end of year		(150,491)	219,768
Comprising:			
Cash at bank and in hand		1,149	573,352
Bank overdraft		(151,640)	(353,584)
Cash and cash equivalents		(150,491)	219,768

The notes on pages 12 to 19 are an integral part of these financial statements.

Notes to the financial statements

1. Statement of compliance

The financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements requiring disclosure.

Foreign currency

The company's functional and presentational currency is the pound sterling.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at a contracted rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date or the contracted rate. All differences are taken to the profit and loss account.

Turnover

Turnover is stated net of trade discounts, VAT and similar taxes and derives from the provision of goods and services falling within the company's ordinary activities.

Tangible fixed assets

All tangible fixed assets are initially recorded at historic cost, together with any incidental costs of acquisition.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the profit and loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset systematically over its expected useful life, as follows:

Leasehold improvements	10% straight line
Plant and machinery	25% straight line
Motor vehicles	25 – 50% straight line

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads based on a normal level of activity. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives with the corresponding lease or hire purchase obligation being capitalised as a liability. The interest element of the finance lease rentals is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Dividends

Dividends to the company's shareholder are recognised as a liability of the company when approved by the company's shareholder.

Deferred taxation

Full provision for deferred tax assets and liabilities is provided at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation, except for differences arising on the revaluation of fixed assets (if there is no commitment to sell), or gains on any asset sold that will benefit from rollover relief. No future tax rate changes are expected, otherwise an average rate would have been used.

Capital instruments

Shares are included in shareholder's funds. Other instruments are classified as liabilities if not included in shareholder's funds and if they contain an obligation to transfer economic benefits. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

3. Turnover and segmental analysis

In the opinion of the directors the disclosure of particulars of turnover and profit would be seriously prejudicial to the interest of the company, therefore this information has not been disclosed in these financial statements.

Notes to the financial statements (continued)

4. Operating profit

Operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation		
Owned assets	73,714	65,224
Under finance lease and hire purchase contracts	34,319	2,860
Profit on disposal of fixed assets	(2,700)	(1,250)
Operating lease rentals	163,376	167,750
Auditors' remuneration:		
Audit services	8,236	8,080
Non-audit services	1,306	1,293

5. Staff costs

	2016 £	2015 £
Wages and salaries	2,190,009	2,013,734
Social security costs	190,411	189,790
Other pension costs	13,664	12,989
	<u>2,394,084</u>	<u>2,216,513</u>

The average number of persons employed by the company (including executive directors) during the year analysed by category, was as follows:

	2016 Number	2015 Number
Office, sales and management	41	39
Operations staff	58	55
	<u>99</u>	<u>94</u>

6. Directors' remuneration

	2016 £	2015 £
Emoluments for qualifying services	-	-

7. Investment, finance income, other interest receivable and similar income

	2016 £	2015 £
Bank and other interest receivable	190	2,737

Notes to the financial statements (continued)

8. Interest payable and similar charges

	2016	2015
	£	£
On bank loans and overdrafts	10,335	3,084
On loans from group undertakings	5,778	14,968
On other loans	25,240	5,864
	<u>41,353</u>	<u>23,916</u>

9. Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2016	2015
	£	£
Current tax:		
UK corporation tax on profits of the year	78,148	48,042
Total current tax (note 9 (b))	<u>78,148</u>	<u>48,042</u>
Deferred tax:		
Origination and reversal of timing differences	(1,735)	28,842
Effect of decreased tax rate on opening asset	-	615
Total deferred tax (note 18)	<u>(1,735)</u>	<u>29,457</u>
Tax on profit on ordinary activities	<u>76,413</u>	<u>77,499</u>

(b) Factors affecting the tax charge:

The tax assessed for the year is higher (2015 – lower) than the average standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before taxation	<u>378,544</u>	<u>374,096</u>
Profit on ordinary activities multiplied by average standard rate of corporation tax in the UK of 20% (2015: 20.25%)	75,709	75,754
Effects of:		
Expenses not deducted for tax purposes	229	713
Decelerated/(accelerated) capital allowances and other timing differences	2,210	(28,418)
Difference between rate used in reconciliation and actual rate	-	(7)
Current tax charge for year (note 9 (a))	<u>78,148</u>	<u>48,042</u>

(c) Factors that may affect future tax charges

Based on current capital investment plans, the company expects that depreciation charges will exceed capital allowance claims in future years.

10. Dividends

	2016	2015
	£	£
Equity dividends paid	<u>330,000</u>	<u>350,000</u>

Notes to the financial statements (continued)

11. Tangible fixed assets

	Leasehold improvements £	Plant & machinery £	Motor vehicles £	Total £
Cost:				
At 1 January 2016	78,900	735,700	254,830	1,069,430
Additions	9,285	64,412	20,003	93,700
Disposals	-	-	(42,306)	(42,306)
At 31 December 2016	<u>88,185</u>	<u>800,112</u>	<u>232,527</u>	<u>1,120,824</u>
Depreciation:				
At 1 January 2016	60,805	659,718	122,337	842,860
On disposals	-	-	(42,306)	(42,306)
Charge for year	3,158	49,620	55,255	108,033
At 31 December 2016	<u>63,963</u>	<u>709,338</u>	<u>135,286</u>	<u>908,587</u>
Net book value:				
At 31 December 2016	<u>24,222</u>	<u>90,774</u>	<u>97,241</u>	<u>212,237</u>
At 31 December 2015	<u>18,095</u>	<u>75,982</u>	<u>132,493</u>	<u>226,570</u>

The net book value of fixed assets includes £65,778 (2015 - £100,097) in respect of assets held under hire purchase and finance lease agreements.

12. Stocks

	2016 £	2015 £
Finished goods and goods in transit	<u>3,801,000</u>	<u>4,183,649</u>

There are no material differences between the replacement cost of stock and the balance sheet amounts.

The company holds vehicle consignment stock of £Nil (2015: £Nil), where the benefits and risks associated with the vehicles remain with the manufacturer, Iveco, until the transfer of title.

13. Debtors: amounts falling due within one year

	2016 £	2015 £
Trade debtors	2,927,554	1,074,531
Other debtors	644,407	247,983
Amounts owed by group undertakings	84,860	113,738
Prepayments and accrued income	97,495	80,197
	<u>3,754,316</u>	<u>1,516,449</u>

Notes to the financial statements (continued)

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Obligations under hire purchase contracts (note 16)	30,115	29,038
Bank overdraft	151,640	353,584
Trade creditors	5,659,352	4,261,804
Amounts owed to group undertakings	46,263	9,367
Corporation tax	37,303	10,292
Other taxes and social security costs	94,495	58,033
Accruals and deferred income	201,714	170,363
	<u>6,220,882</u>	<u>4,892,481</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets.

15. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Obligations under hire purchase contracts (note 16)	<u>31,340</u>	<u>61,455</u>

16. Obligations under hire purchase contracts

	2016	2015
	£	£
Net obligations under hire purchase contracts		
Repayable within one year	32,019	32,119
Repayable between two and five years	32,019	64,040
	<u>64,038</u>	<u>96,159</u>
Finance charges and interest allocated to future accounting periods	(2,583)	(5,666)
	<u>61,455</u>	<u>90,493</u>
Included in creditors due within one year (note 14)	30,115	29,038
Included in creditors due after more than one year (note 15)	31,340	61,455
	<u>61,455</u>	<u>90,493</u>

17. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	Land and buildings	Other	Other
	2016	2015	2016	2015
	£	£	£	£
Expiring:				
Within one year	-	-	10,259	7,729
Between one and five years	-	-	13,358	14,361
More than five years	138,000	138,000	-	-
	<u>138,000</u>	<u>138,000</u>	<u>23,617</u>	<u>22,090</u>

Notes to the financial statements (continued)

18. Provision for liabilities and charges

	Deferred tax liability/(asset)	
	2016	2015
	£	£
At 1 January 2016	16,537	(12,920)
Movement in the year	(1,735)	29,457
At 31 December 2016	<u>14,802</u>	<u>16,537</u>

The deferred tax charge arises in respect of accelerated capital allowances.

19. Share capital

	2016	2015
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
400,000 Non-cumulative redeemable preference shares of £1 each	400,000	400,000
	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

20. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2016	2015
	£	£
Operating profit	419,707	395,275
Depreciation of tangible assets	108,033	68,084
Profit on sale of tangible fixed assets	(2,700)	(1,250)
(Increase)/decrease in working capital:		
Stocks	382,649	69,625
Debtors	(2,237,867)	322,156
Creditors	1,503,091	508,546
Net cash inflow from operating activities	<u>172,913</u>	<u>1,362,436</u>

Non cash transactions

The company has acquired tangible assets under finance leases and has capitalised £Nil (2015 £90,493) as the cost of the assets.

21. Capital commitments

At the balance sheet date the company had entered into no contracts for future capital expenditure.

Notes to the financial statements (continued)

22. Transactions with directors and officers

All transactions were in the ordinary course of business.

23. Controlling party

The share capital of the company is held 100% by Gaffer (NI) Limited, a company controlled by Stephen Sproule.