Registered number: 1462441

JEMCA CAR GROUP LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

JEMCA CAR GROUP LTD

COMPANY INFORMATION

Directors	H Niwa D Collis G Brown S Boxall M Ito (resigned 1 June 2017) S Irikawa (appointed 1 April 2017) Y Hata (appointed 1 June 2017, resigned 31 March 2018) A Ogawa (appointed 1 April 2018)
Company secretary	G Brown
Registered number	1462441
Registered office	The Hyde Edgware Road London NW9 6BH
Independent auditor	KPMG LLP, Statutory Auditor Arlington Business Park Theale Reading RG7 4SD
Bankers	Barclays Bank PLC Floor 27 1 Churchill Place London E14 5HP
	Bank of Tokyo-Mitsubishi UFJ Ltd 12-15 Finsbury Circus London EC2M 7BT
Solicitors	Mill & Reeve LLP 78-84 Colmore Row Birmingham B3 2AB

CONTENTS

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The Directors present their strategic report on the affairs of the Company, for the year ended 31 March 2018.

Business review

Both the level of business and the year end financial position reflect a year of improved trading conditions in line with the United Kingdom trend in automotive sales. The UK new passenger car market decreased by 5.6% in the calendar year 2017 with total registrations of 2,54 million vehicles. The fleet sector decreased by 4.5% whilst the retail sector saw a drop of 6.9%. The Company's new vehicle retail sales outperformed the market due to the continued positive impact of Hybrid products in London, increasing by 5.0% with our fleet business decreasing by 15.6%, reflecting a net decrease of 3.5%. Our used vehicle retail sales decreased by 5.9%. During the year under review the Company continued its emphasis on improving customer retention and expanding the sale of used vehicles and servicing. Despite this continued improvement in customer retention, the Company's total sold hours by the service departments decreased by 1.3%. However, Retail sold hours increased by 4.3% reflecting an increase in the customer database and retention, although the Warranty hours were down 15%.

During the year management continued to take action in a number of areas to reduce the cost base of the business. The effect of the Apprenticeship Levy and an increase in pension contribution rates through Auto Enrolment have resulted in increased personnel expenses. The principal actions that we took were to reduce the ageing of used car stock in order to reduce the risk of losses arising from decreasing market values. Management will continue to take action on the cost base of the business in the forthcoming year to maintain stock levels of used and demonstration vehicles in line with expected activity levels.

The new car market is expected to have downward pressure in 2018 following the continued pressure on diesel. In their January forecast, the SMMT is forecasting a reduction in new car registrations of 5.6% for 2018 with diesel cars forecast to decrease by 30%.

The Company had net cash in hand and on deposit of £2,159,203 at 31 March 2018 (*2017 – £798,091 net* cash in hand and on deposit). The primary reason for the decrease in the cash position has been that the surplus cash has been transferred to the holding company through the cash management system that is operated through the Group and Company's bankers, Barclays Bank Plc.

Principal risks and uncertainties

The Board maintains a policy of continuous identification and review, through the production of a 5 year business plan for the Company, which identifies risks which may cause our actual future results to differ from expected results. The key risk factors set out below are not intended to represent an exhaustive list of all potential risks and uncertainties.

Business conditions and adverse economic conditions

The profitability of the Company's business is influenced by the economic environment in the United Kingdom and could be adversely affected by a worsening of general economic conditions. The impact of the Brexit referendum has affected the UK economy and could have adverse effects on the Company's results. In addition, factors such as unemployment levels, the level and volatility of equity markets, consumer confidence, the level of discretionary spending, fuel prices, interest rates, inflation, adverse weather conditions, action taken by the UK Government relating to the taxation of engine emissions, road usage and the availability and cost of credit could significantly affect the market for the sale of new and used vehicles. An adverse movement in any one or a combination of these factors could have a material negative impact on the Company's trading, financial position and prospects.

Level of new vehicle supply

The Company depends on the manufacturer it represents. Adverse changes to the reputation, product desirability, production and distribution capabilities or financial position of the manufacturer that the Company represents would impact results. Vehicle manufacturers provide a wide variety of marketing programmes which are intended to promote new vehicle sales. A withdrawal or reduction in these programmes would have an adverse impact on our business.

Used vehicle prices

Used vehicle prices can be volatile, both declining and increasing significantly. As a significant proportion of our business comprises used vehicle sales, these fluctuations can have a material impact on our business. The impact of price declines in used vehicles manifests itself not only through reduced profits on sales, but also through related write-downs in the value of used vehicle inventory.

Reliance on information systems

The business is dependent on the efficient and uninterrupted operation of our information technology and computer systems which are vulnerable to damage or interruption from power loss, telecommunications failure, sabotage, vandalism or similar misconduct. Whilst we have put in place contingency and recovery plans in order to mitigate the impact of such failures, it can never be certain that these plans could cover every eventuality or situation.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Financial key performance indicators

The Directors monitor the Company's performance by reference to five KPI's. Performance, during the current and prior year, is set out in the table below:

	2018	2017
Segment profit percentage:		
Vehicle Sales	**11%**	10%
Aftersales	**47%**	48%
Vehicle volumes:		
New vehicles	**5,149**	5,333
Used vehicles	**3,372**	3,583
Total vehicle volumes	**8,521**	8,916
Aftersales labour efficiency	**131%**	136%
Service hours	**126,448**	128,080

Other key performance indicators

The Group agrees the terms and conditions under which business transactions with its suppliers are conducted. It is policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. For the Company, trade creditors at 31 March 2018 were equivalent to 69 days (*2017 – 40 days*)

This report was approved by the board on 6 June 2018 and signed on its behalf.

....

H Niwa
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity in the year under review was that of motor dealing.

Results and dividends

The profit for the year, after taxation, amounted to £6,789,962 *(2017 - £1,072,328)*.

The directors do not recommend the payment of a dividend (2017: nil)

Directors

The directors who served during the year were:

H Niwa
D Collis
G Brown
S Boxall
M Ito (resigned 1 June 2017)
S Irikawa (appointed 1 April 2017)
Y Hata (appointed 1 June 2017, resigned 31 March 2018)

Charitable donations

The Company made charitable donations to various charities and schools during the financial year. No donations were made to any political parties.

Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, credit risk, liquidity risk and the automotive market conditions and prices.

The Company has in place a risk management programme that seeks to limit the adverse effects of the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the Company's finance department.

Interest rate risk
In order to manage interest rate risks by ensuring the stability of cash out flows, the Company and its parent company has a policy of spreading its borrowings over different maturity periods. At year end the Company had net cash in hand and on deposit of £2,159,203 (*2017 – £798,091* net cash in hand and on deposit).

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the finance department. Where cash and deposits are invested with financial institutions, this is subject to pre-approval by the board of directors and such approval is limited to financial institutions with an AA rating or better.

Liquidity risk
The Company maintains a mixture of long-term and short-term debt finance that is designed to ensure that the Company has sufficient available funds for operations and planned expansions.

Price risk
The Company is exposed to price risk as a result of its operations. However, given the size of the Company, the cost of managing exposure to price risk exceeds the potential benefits.

Restructure of Group

During the year the directors decided to consolidate and restructure the operations of the Group under one operational entity in order to minimise and simplify the Group's accounting operations, reduce duplicated costs and to achieve greater economies of scale. During the next year, the Company will be replacing the current Dealer Management System which will operate more efficiently with all the operating dealers being part of one legal entity.

This restructure was formalised on 16 March 2018 where the directors of the Company confirmed that the restructure will take place on 31 March 2018. The restructure has taken place on 31 March 2018 and the following steps were followed:

1. Toyota Tsusho Automobile London Holdings Limited sold their investment in Toyota Tsusho Automobile South London Limited to the Company, formerly Toyota Tsusho Automobile North London Limited, at cost.
2. The Company paid for the purchase of Toyota Tsusho Automobile South London Limited by issuing shares to Toyota Tsusho Automobile London Holdings Limited for an equivalent value of the cost of acquisition.
3. Toyota Tsusho Automobile South London Limited issued a solvency statement and Special Resolution, both dated 16 March 2018, declaring that it will reduce its share capital to £1.00. This reduction in share capital and share premium took place on 19 March 2018.
4. Toyota Tsusho Automobile South London Limited declared and paid an interim dividend to the Company on 29 March 2018 for an amount of £10,500,000. This dividend was paid through the inter-company account between the two companies.
5. An Asset Purchase Agreement (Hive-up) was entered into by the Company and Toyota Tsusho Automobile South London Limited where all assets and liabilities of Toyota Tsusho Automobile South London Limited were sold at net book value on a like-for-like basis to the Company through the inter-company account between the two companies.
6. the Company has, through the Asset Purchase Agreement, assumed all responsibility to pay, satisfy or discharge all debts, liabilities and obligations of Toyota Tsusho Automobile South London Limited through the hive-up.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, and briefing groups.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues through reasonable adjustments to facilities and the appropriate training. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Matters covered in the strategic report

The review of the business for the year and future developments are contained in the Strategic Report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 6 June 2018 and signed on its behalf.

H Niwa
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JEMCA CAR GROUP LTD

OPINION

We have audited the financial statements of Jemca Car Group Ltd ("the company") for the year ended 31 March 2018 which comprise the Profit and Loss Account, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

STRATEGIC REPORT AND DIRECTORS' REPORT

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required 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. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JEMCA CAR GROUP LTD

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

Dirk McAl

Derek McAllan (Senior statutory auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Arlington Business Park
Reading
RG7 4SD
Theale
7 June 2018

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	*2017* *£*
Turnover	4	**148,582,219**	*147,282,574*
Cost of sales		**(122,681,713)**	*(121,802,786)*
Gross profit		**25,900,506**	*25,479,788*
Distribution costs		**(6,270,533)**	*(6,175,646)*
Administrative expenses		**(18,747,709)**	*(17,888,893)*
Other operating income	5	**122,400**	*122,400*
Operating profit	6	**1,004,664**	*1,537,649*
Dividend income from from group undertaking	9	**10,500,000**	*-*
Amounts written off investments	10	**(4,529,294)**	*-*
Interest receivable and similar income	11	**2,673**	*344*
Interest payable and similar expenses	12	**(153,525)**	*(130,742)*
Profit before tax		**6,824,518**	*1,407,251*
Tax on profit	13	**(34,556)**	*(334,923)*
Profit for the financial year		**6,789,962**	*1,072,328*

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 14 to 36 form part of these financial statements.

There were no other comprehensive income for 2018 (2017:£NIL)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	14		-		*26,667*
Tangible assets	15		**3,730,862**		*1,796,615*
Investments	16		**1**		-
			3,730,863		*1,823,282*
Current assets					
Stocks	17	**22,802,871**		*12,506,716*	
Debtors: amounts falling due within one year	18	**29,333,980**		*13,529,829*	
Cash at bank and in hand	19	**2,159,203**		*798,091*	
		54,296,054		*26,834,636*	
Creditors: amounts falling due within one year	20	**(38,394,512)**		*(21,028,813)*	
Net current assets			**15,901,542**		*5,805,823*
Total assets less current liabilities			**19,632,405**		*7,629,105*
Creditors: amounts falling due after more than one year	21		**(756,212)**		*(72,169)*
Net assets			**18,876,193**		*7,556,936*
Capital and reserves					
Called up share capital	24		**5,679,295**		*1,150,000*
Share premium account			**9,350,000**		*9,350,000*
Profit and loss account			**3,846,898**		*(2,943,064)*
			18,876,193		*7,556,936*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 June 2018.

H Niwa
Director

The notes on pages 14 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	1,150,000	9,350,000	(4,015,392)	6,484,608
Comprehensive income for the year				
Profit for the year	-	-	1,072,328	1,072,328
At 1 April 2017	1,150,000	9,350,000	(2,943,064)	7,556,936
Comprehensive income for the year				
Profit for the year	-	-	6,789,962	6,789,962
Shares issued during the year	4,529,295	-	-	4,529,295
At 31 March 2018	5,679,295	9,350,000	3,846,898	18,876,193

The notes on pages14 to 36 form part of these financial statements.

1. General information

Jemca Car Group Limited changed it's name from Toyota Tsusho Automobile North London Limited on 9 February 2018. It is a company limited by shares and incorporated and domiciled in the UK.

During the year the directors of the holding company, Toyota Tsusho Automobile London Holdings Limited, decided to consolidate and restructure the operations of the Group. This restructure was formalised on 16 March 2018 where the directors of the Company and the shareholder confirmed that the restructure will take place on 31 March 2018. The restructure has taken place on 31 March 2018 and the following steps were followed:

1. Toyota Tsusho Automobile London Holdings Limited sold their investment in Toyota Tsusho Automobile South London Limited to the Company at cost.
2. The Company paid for the purchase of Toyota Tsusho Automobile South London Limited by issuing shares to Toyota Tsusho Automobile London Holdings Limited for an equivalent value of the cost of acquisition.
3. Toyota Tsusho Automobile South London Limited issued a solvency statement and Special Resolution, both dated 16 March 2018, declaring that it will reduce its share capital to £1.00. This reduction in share capital and share premium took place on 19 March 2018.
4. The Company wrote off the value of its investment in Toyota Tsusho Automobile South London Limited following the reduction in share capital to £1.00.
5. Toyota Tsusho Automobile South London Limited declared and paid an interim dividend to the Company on 29 March 2018 for an amount of £10,500,000. This dividend was paid through the inter-company account between the two companies.
6. An Asset Purchase Agreement (Hive-up) was entered into by the Company and Toyota Tsusho Automobile South London Limited where all assets and liabilities of Toyota Tsusho Automobile South London Limited were sold at net book value on a like-for-like basis to the Company through the inter-company account between the two companies.
7. The Company has, through the Asset Purchase Agreement, assumed all responsibility to pay, satisfy or discharge all debts, liabilities and obligations of Toyota Tsusho Automobile South London Limited through the hive-up.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost basis and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied and the Companies Act 2006. The presentation currency of these financial statements is sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following exemptions have been taken in these financial statements:

- Business Combinations - Business combinations that took place prior to 1 April 2014 have not been restated;
- Lease incentives – for leases commenced before 1 April 2014 the Company continued to account for lease incentives under previous UK GAAP;

2. Accounting policies (continued)

2.2 *Financial reporting standard 102 - reduced disclosure exemptions*

n these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- Key Management Personnel compensation;
-

As the consolidated financial statements of Toyota Tsusho Automobile London Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- the disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

This information is included in the consolidated financial statements of Toyota Tsusho Automobile London Holdings Limited as at 31 March 2018 and these financial statements may be obtained from Companies House.

The Company will continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.3 *Going concern*

The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic climate.

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

2. Accounting policies (continued)

2.4 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Goodwill is stated at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

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

The estimated useful lives range as follows:

Goodwill	-	5	years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 2.17 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to profit and loss account so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method

Depreciation is provided on the following basis:

Long-term leasehold property	- Over length of the lease
Plant and machinery	- 20-25% Straight line
Motor vehicles	- 25% Straight line
Fixtures and fittings	- 15% Straight line
Computer equipment	- 33% Straight line

2.7 Operating leases expense

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

2. Accounting policies (continued)

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investment in subsidiary undertakings are stated in the Company's Statement of Financial Position at cost less any provision for permanent impairment in value.

2.10 Debtors

Trade and other debtors are recognised initially at transaction price, less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2.12 Creditors

Trade and other creditors are recognised initially at transaction price, less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Interest payable

Interest payable is recognised in profit and loss as they accrue using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. **Accounting policies (continued)**

2.14 Stocks and work in progress

Vehicle stock and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell.

New vehicles are held on consignment by the manufacturer until such time that the company has paid the manufacturer, after which the vehicles are brought into stock.

Parts stock is stated at the lower of weighted average cost and estimated selling price less costs to complete and sell, principally determined by the weighted average method. Allowance is made for obsolete and slow-moving stocks.

2.15 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Operating leases expense

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 Finance lease expense

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

2.18 Pensions

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 Profit and loss account in the periods during which services are rendered by employees. 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.

2.19 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2. Accounting policies (continued)

2.20 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

2.21 Provisions for liabilities

A provision is recognised in the Statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.22 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

2. Accounting policies (continued)

2.23 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

Judgements made by the directors in the application of the Group's accounting policies have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year have been identified below.

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

4. Turnover

The whole of the turnover is attributable to one principal activity of the Company, that of motor dealing.

All turnover arose within the United Kingdom.

5. Other operating income

	2018	*2017*
	£	*£*
Net rents receivable	**122,400**	*122,400*
	122,400	*122,400*

6. Operating profit

The operating profit is stated after charging:

	2018 £	*2017* *£*
Depreciation of tangible fixed assets	**516,483**	*513,953*
Amortisation of intangible assets, including goodwill	**26,667**	*80,000*
Operating lease payments:		
- leased equipment	**44,948**	*78,681*
- land and buildings	**2,585,633**	*2,435,590*
Defined contribution pension cost	**762,646**	*748,544*

7. Auditor's remuneration

	2018 £	*2017* *£*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**28,093**	*22,336*
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	**4,383**	*3,788*

8. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	**11,914,811**	*11,601,060*
Social security costs	**1,105,437**	*1,045,676*
Cost of defined contribution scheme	**762,646**	*748,544*
	13,782,894	*13,395,280*

During the year, no directors directors received any emoluments (*2017 - Nil*)

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

	2018 No.	2017 No.
Office and management	**23**	*17*
Selling	**101**	*92*
Workshop and delivery	**169**	*167*
	293	*276*

9. Income from investments

	2018 £	2017 £
Dividends received from unlisted investments	**(10,500,000)**	*-*
	(10,500,000)	*-*

The dividends received from the subsidiary are following the restructure of the Group. Refer to note 1 for more detail.

10. Write off of investment

	2018 £	*2017 £*
Write off of investment	**4,529,294**	-
	4,529,294	-

Following the restructure of the Group and hive up of the assets and libailites from Toyota Tsusho Automobile South London Limited, the Company has written off the investment in its subsidiary to reflect the value of the underlying company. Refer to note 1 for more detail.

11. Interest receivable

	2018 £	*2017 £*
Other interest receivable	**2,673**	*344*
	2,673	*344*

12. Interest payable and similar expenses

	2018 £	*2017 £*
Other loan interest payable	**31,833**	*24,203*
Loans from group undertakings	**121,692**	*106,539*
	153,525	*130,742*

13. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	29,608	313,607
Adjustments in respect of previous periods	(1,981)	15,101
	27,627	328,708
Total current tax	27,627	328,708
Deferred tax		
Origination and reversal of timing differences	1,723	9,972
Adjustments in respect of previous periods	5,206	(3,757)
Total deferred tax	6,929	6,215
Taxation on profit on ordinary activities	34,556	334,923

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 20%)*. The differences are explained below:

	2018 £	*2017* *£*
Profit on ordinary activities before tax	**6,824,518**	*1,407,251*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**1,296,658**	*281,450*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**49,489**	*50,998*
Adjustments to tax charge in respect of prior periods	**3,225**	*11,345*
Other timing differences leading to an increase (decrease) in taxation	**-**	*(8,870)*
Dividends from UK companies	**(1,995,000)**	-
Other tax charge (relief) on exceptional items	**860,566**	-
Group relief	**(180,382)**	-
Total tax charge for the year	**34,556**	*334,923*

The Group relief relates to the transfer pricing adjustment that has been made due to the Company acquiring the stock from Toyota Tsusho Automobile South London Limited at cost and that company paying tax on the difference between the cost and market value of the stock at the date of the hive-up of the assets.

13. Taxation (continued)

Factors that may affect future tax charges

The applicable tax rate for the current year is 19% (2017 - 20%) following the reduction in the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2017.

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

This will reduce the Company's future current tax charge accordingly.

14. Goodwill

	Goodwill £
Cost	
At 1 April 2017	**400,000**
At 31 March 2018	**400,000**
Amortisation	
At 1 April 2017	**373,333**
Charge for the year	**26,667**
At 31 March 2018	**400,000**
Net book value	
At 31 March 2018	**-**
At 31 March 2017	*26,667*

Amortisation of goodwill is charged to the profit and loss account through Administrative expenses.

15. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £
Cost or valuation			
At 1 April 2017	**3,464,440**	**901,442**	**900,166**
Additions	**474,247**	**15,155**	**194,189**
Transfers intra group	**2,351,858**	**754,742**	**765,292**
Disposals	**-**	**(5,320)**	**(83,495)**
At 31 March 2018	**6,290,545**	**1,666,019**	**1,776,152**
Depreciation			
At 1 April 2017	**2,135,295**	**767,106**	**672,808**
Charge for the year on owned assets	**210,469**	**56,724**	**76,528**
Charge for the year on financed assets	**45,751**	**-**	**23,458**
Transfers intra group	**1,176,474**	**675,499**	**663,069**
Disposals	**-**	**(5,319)**	**(78,061)**
At 31 March 2018	**3,567,989**	**1,494,010**	**1,357,802**
Net book value			
At 31 March 2018	**2,722,556**	**172,009**	**418,350**
At 31 March 2017	*1,329,145*	*134,336*	*227,358*

15. Tangible fixed assets (continued)

	Computer equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 April 2017	693,106	162,220	6,121,374
Additions	146,319	153,193	983,103
Transfers intra group	474,616	120,179	4,466,687
Disposals	(8,607)	(103,367)	(200,789)
At 31 March 2018	1,305,434	332,225	11,370,375
Depreciation			
At 1 April 2017	651,982	97,568	4,324,759
Charge for the year on owned assets	56,196	47,014	446,931
Charge for the year on financed assets	343	-	69,552
Transfers intra group	379,734	54,795	2,949,571
Disposals	(7,489)	(60,431)	(151,300)
At 31 March 2018	1,080,766	138,946	7,639,513
Net book value			
At 31 March 2018	224,668	193,279	3,730,862
At 31 March 2017	*41,124*	*64,652*	*1,796,615*

15. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2018 £	*2017 £*
Long leasehold	**2,722,556**	*1,329,145*
	2,722,556	*1,329,145*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	*2017 £*
Long-term leasehold	**829,920**	*188,589*
Furniture, fittings and equipment	**276,744**	*43,779*
Computer equipment	**27,887**	*-*
	1,134,551	*232,368*

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	**4,529,295**
Amounts written off	**(4,529,294)**
At 31 March 2018	**1**
Net book value	
At 31 March 2018	**1**
At 31 March 2017	*-*

16. Fixed asset investments (continued)

Following the restructure of the Group and hive up of the assets and libailites from Toyota Tsusho Automobile South London Limited, the Company has written off the investment in its subsidiary to reflect the value of the underlying company. Refer to note 1 for more detail.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	**Class of shares**	**Holding**	**Principal activity**
Toyota Tsusho Automobile South London Ltd	Ordinary	100 %	Motor dealing

17. Stocks

	2018	*2017*
	£	*£*
Vehicles for resale	**15,870,823**	*7,803,672*
Demonstrator vehicles	**6,246,541**	*4,319,980*
Parts and accessories	**685,507**	*383,064*
	22,802,871	*12,506,716*

In addition, certain stocks of vehicles for resale totalling £13,120,578 *(2017 – £6,299,821)* are consignment stocks that are held on a sale or return basis from the manufacturer and therefore this is not shown in the balances above. Title of these stocks passes at the earlier of when they are sold or 150 days after delivery date if they are not returned to the manufacturer.

18. Debtors

	2018	*2017*
	£	*£*
Trade debtors	**12,667,857**	*5,658,083*
Amounts owed by group undertakings	**10,149,503**	*5,230,180*
Other debtors	**1,486,670**	*839,861*
Prepayments and accrued income	**4,979,778**	*1,744,604*
Deferred taxation	**50,172**	*57,101*
	29,333,980	*13,529,829*

Included in the above amount owed by group undertakings, is a balance of £10,149,503 *(2017 - £3,658,245)* relating to amounts owed by the Holding company.

19. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	2,159,203	798,091
	2,159,203	798,091

20. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	25,778,722	14,682,213
Amounts owed to group undertakings	1,183,469	-
Corporation tax	284,619	45,905
Other taxation and social security	1,301,667	679,085
Obligations under finance lease and hire purchase contracts	260,898	78,124
Other creditors	5,755,944	2,962,913
Accruals and deferred income	3,829,193	2,580,573
	38,394,512	21,028,813

21. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	756,212	72,169
	756,212	72,169

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	*2017 £*
Within one year	**260,898**	*78,124*
Between 1-5 years	**586,300**	*72,169*
Over 5 years	**169,912**	-
	1,017,110	*150,293*

Finance leases are all at 0% interest.

23. Deferred taxation

	2018 £	*2017 £*
At beginning of year	**57,101**	*63,316*
Charged to the profit or loss	**(6,929)**	*(6,215)*
At end of year	**50,172**	*57,101*

The deferred tax asset is made up as follows:

	2018 £	*2017 £*
Accelerated capital allowances	**16,467**	*33,605*
Short term timing differences	**33,705**	*23,496*
	50,172	*57,101*

24. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
5,679,295 *(2017 - 1,150,000)* Ordinary shares of £1 each	**5,679,295**	*1,150,000*

The Company issued £4,529,295 share capital as part of a share-for-share exchange in the acquisition of it's subsidiary company Toyota Tsusho Automobile South London Limited on 16 March 2018. Refer to note 1 for more detail of the restructure.

25. Business combinations

Acquisition of Toyota Tsusho Automobile South London Limited

On the 31st March 2018 Toyota Tsusho Automobile South London Limited's assets and liabilities were hived up to the Company as part of a restructure. The assets and liabilities of Toyota Tsusho Automobile South London Limited as at this date were transferred to the Company through an inter-company loan account. Refer to note 1 for more detail of this restructure.

	Book value	Fair value
	£	£
Tangible fixed assets	**1,517,115**	*1,517,115*
	1,517,115	*1,517,115*
Current assets		
Stocks	**10,049,798**	*10,049,798*
Debtors	**9,543,950**	*9,543,950*
Cash at bank and in hand	**1,139,647**	*1,139,647*
Creditors		
Due within one year	**(15,155,259)**	*(15,155,259)*
Due after more than one year	**(246,437)**	*(246,437)*
Total purchase consideration	**6,848,814**	*6,848,814*
Purchase consideration settled in cash, as above	**6,848,814**	*6,848,814*
Cash outflow on acquisition	**6,848,814**	*6,848,814*

26. 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 amounted to £762,646 *(2017 - £748,544)*. Contributions totalling £95,287 *(2017 - £1,673)* were payable to the fund at the reporting date.

27. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	*2017 £*
Property leases		
Not later than 1 year	**1,805,705**	*1,209,700*
Later than 1 year and not later than 5 years	**7,754,278**	*5,154,154*
Later than 5 years	**5,207,279**	*344,896*
Total	**14,767,262**	*6,708,750*

	2018 £	*2017 £*
Equipment leases		
Not later than 1 year	**41,502**	*13,623*
Later than 1 year and not later than 5 years	**33,899**	*10,378*
Total	**75,401**	*24,001*

28. Related party transactions

The company has taken advantage of the exemption provided by FRS102.33.1A 'Related Party Discosures' not to disclose transactions with other wholly owned Group undertakings controlled by Toyota Tsusho Automobile London Holding limited.

29. Controlling party

The immediate parent company at 31 March 2018 is Toyota Tsusho Automobile London Holdings Limited and the ultimate parent undertaking and controlling party is Toyota Tsusho Corporation, of 4-9-8, Meieki, Nakamura-Ku, Nagoya-shi, Aiichi 450-8575, Japan, a company incorporated in Japan.

Toyota Tsusho Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2018. The consolidated financial statements of Toyota Tsusho Corporation are publicly available and can be obtained from the registered office.

Toyota Tsusho Automobile London Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Toyota Tsusho Automobile London Holdings Limited can be obtained from The Hyde, Edgware Road, London, NW9 6BH.

The Company has not prepared group accounts as it is exempt from the requirement to prepare group accounts under Section 400 of the Companies Act 2006 for the following reasons:

- the Company is a wholly-owned subsidiary of Toyota Tsusho Automobile London Holdings Limited
- the Company is included in the consolidated accounts at 31 March 2018 prepared by Toyota Tsusho Automobile London Holdings Limited
- Toyota Tsusho Automobile London Holdings Limited is incorporated in and domiciled in the United Kingdom