Registered number: 2677508

TOYOTA TSUSHO AUTOMOBILE SOUTH LONDON LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

COMPANY INFORMATION

Directors	M Ito D Collis G Brown S Boxall S Kimura (resigned 31 March 2017) H Niwa S Irikawa (appointed 1 April 2017)
Company secretary	G Brown
Registered number	2677508
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	Mills & Reeve LLP 78-84 Colmore Row Birmingham B3 2AB

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The Directors present their strategic report on the affairs of the Company, for the year ended 31 March 2017.

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 increased by 2.2% in the calendar year 2016 with total registrations of 2,92 million vehicles. The fleet sector increased by 5.0% whilst the retail sector saw a drop of 0.5%. Our new vehicle retail sales outperformed the market due to the continued positive impact of Hybrid products in London, increasing by 8.8% with our fleet business increasing by 3.7%, reflecting a net increase of 7.0%. Our used vehicle retail sales increased by 6.0%. During the year under review the Company continued its emphasis on improving customer retention and expanding the sale of used vehicles and servicing. This continued improvement in customer retention has led to an increase in total sold hours by the service departments of 7%.

During the year management continued to take action in a number of areas to reduce the cost base of the business. 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.

During the year the Company disposed of the Streatham aftersales property following an unsolicited offer from a property developer. The proceeds on the sale of the property, which concluded in March, was £1,600,000 and this resulted in a capital profit £463,000. This disposal resulted in the closing down of operations at the site in December 2016 and operations were relocated to the Croydon, Sidcup and Bromley dealerships to ensure that all customers would be retained in the Company.

The new car market is expected to have downward pressure in 2017 following the weakening in the sterling exchange rate, together with the changes in the Vehicle Exise Duty changes in 2017. In their January forecast, the SMMT is forecasting a reduction in new car registrations of 5% for 2017. The recent announcement of a General Election on 8 June brings additional uncertainty on the economic outlook for the UK and as such the Board is cautious about trading in the coming year.

The Company had net cash in hand and on deposit of £662,970 at 31 March 2017 *(2016 – £2,425,070 net cash in hand and on deposit.)*

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, together with the recent announcement of a UK general election on the 8th June, have 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.

Financial key performance indicators

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

	2017	*2016*
Segment profit percentage:		
Vehicle Sales	**9%**	*9%*
Aftersales	**51%**	*51%*
Vehicle volumes:		
New vehicles	**2,704**	*2,474*
Used vehicles	**3,045**	*2,807*
Total vehicle volumes	**5,749**	*5,281*
Aftersales labour efficiency	**110%**	*104%*
Service hours	**82,620**	*76,760*

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Other key performance indicators

The company 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. Trade creditors at 31 March 2017 were equivalent to 35 days *(2016 – 42 days)*.

This report was approved by the board on 31 May 2017 and signed on its behalf.

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M Ito
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

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

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 £948,667 *(2016 - £1,003,873)*.

Directors

The directors who served during the year were:

M Ito
D Collis
G Brown
S Boxall
S Kimura (resigned 31 March 2017)
H Niwa

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 £662,970 *(2016 – £2,425,070 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.

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.

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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.

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 485 of the Companies Act 2006.

This report was approved by the board on 31 May 2017 and signed on its behalf.

M Ito
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

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 the directors have elected to prepare 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'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOYOTA TSUSHO AUTOMOBILE SOUTH LONDON LTD

We have audited the financial statements of Toyota Tsusho Automobile South London Ltd for the year ended 31 March 2017, set out on pages 10 to 28. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Auditor

As explained more fully in the Directors' responsibilities statement on page 7, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- *we have not identified material misstatements in those reports; and*
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOYOTA TSUSHO AUTOMOBILE SOUTH LONDON LTD (CONTINUED)

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.

D McAllan

Derek McAllan (Senior statutory auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Arlington Business Park
Theale
Reading
RG7 4SD

1 June 2017

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	**101,507,689**	*92,587,307*
Cost of sales		**(85,497,433)**	*(77,452,526)*
Gross profit		**16,010,256**	*15,134,781*
Distribution costs		**(3,810,277)**	*(3,458,299)*
Administrative expenses		**(10,845,722)**	*(10,406,850)*
Other operating income	5	**65,004**	*67,754*
Operating profit	6	**1,419,261**	*1,337,386*
Interest receivable and similar income	9	**177**	*-*
Interest payable and expenses	10	**(131,957)**	*(79,535)*
Profit before tax		**1,287,481**	*1,257,851*
Tax on profit	11	**(338,814)**	*(253,978)*
Profit for the financial year		**948,667**	*1,003,873*

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 13 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	12		**1,680,961**		*1,983,655*
			1,680,961		*1,983,655*
Current assets					
Stocks	13	**10,001,932**		*7,700,445*	
Debtors: amounts falling due within one year	14	**13,085,959**		*12,715,538*	
Cash at bank and in hand	15	**662,970**		*2,425,070*	
		23,750,861		*22,841,053*	
Creditors: amounts falling due within one year	16	**(14,662,904)**		*(14,918,658)*	
Net current assets			**9,087,957**		*7,922,395*
Total assets less current liabilities			**10,768,918**		*9,906,050*
Creditors: amounts falling due after more than one year	17		**(363,967)**		*(479,659)*
Provisions for liabilities					
Deferred tax	19	**(46,286)**		*(16,393)*	
			(46,286)		*(16,393)*
Net assets			**10,358,665**		*9,409,998*
Capital and reserves					
Called up share capital	20		**5,000**		*5,000*
Share premium account			**12,495,000**		*12,495,000*
Profit and loss account			**(2,141,335)**		*(3,090,002)*
			10,358,665		*9,409,998*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 May 2017.

M Ito
Director

The notes on pages 13 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	**5,000**	**12,495,000**	**(4,093,875)**	**8,406,125**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**1,003,873**	**1,003,873**
At 1 April 2016	**5,000**	**12,495,000**	**(3,090,002)**	**9,409,998**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**948,667**	**948,667**
At 31 March 2017	**5,000**	**12,495,000**	**(2,141,335)**	**10,358,665**

The notes on pages13 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. General information

Toyota Tsusho Automobile North London Ltd is a company limited by shares and incorporated and domicilied in the UK

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;

2.2 Financial reporting standard 102 - reduced disclosure exemptions

In 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 Holdings London 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 Holdings London Limited as at 31 March 2016 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. Accounting policies (continued)

2.3 Going concern

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

The directors have a reasonable expectation that the Group 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.

2.4 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 Tangible fixed assets

Tangible fixed assets 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 2.12 below.

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

2. Accounting policies (continued)

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

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 Finance costs

Finance costs are charged to the Profit and loss account and other comprehensive income 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. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

2.14 Interest income

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

2.15 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. Accounting policies (continued)

2.16 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.

2.17 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.

Deferred tax
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration to the timing and level of future taxable income.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	*2016 £*
Motor dealing	**101,507,689**	*92,587,307*
	101,507,689	*92,587,307*

All turnover arose within the United Kingdom.

5. Other operating income

	2017 £	*2016 £*
Net rents receivable	**65,004**	*67,754*
	65,004	*67,754*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. Operating profit

The operating profit is stated after charging:

	2017 £	*2016* *£*
Depreciation of tangible fixed assets	**329,076**	*273,899*
Operating lease payments		
- leased equipment	**32,826**	*39,570*
- land and buildings	**1,452,403**	*1,505,776*
Defined contribution pension cost	**317,560**	*354,539*

7. Auditor's remuneration

	2017 £	*2016* *£*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	18,123	*19,585*
	18,123	*19,585*
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	3,074	*8,111*
	3,074	*8,111*

8. Employees

Staff costs were as follows:

	2017 £	*2016* *£*
Wages and salaries	**7,261,352**	*6,593,626*
Social security costs	**569,205**	*510,268*
Cost of defined contribution scheme	**317,560**	*354,539*
	8,148,117	*7,458,433*

During the year, no directors dierectors received any emoluments *(2016 - Nil)*

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

	2017 No.	*2016* *No.*
Selling	**62**	*57*
Workshop and delivery	**111**	*108*
Office and management	**12**	*12*
	185	*177*

9. Interest receivable

	2017 £	*2016* *£*
Other interest receivable	**177**	*-*
	177	*-*

10. Interest payable and similar charges

	2017 £	*2016* *£*
Other loan interest payable	**36,197**	*4,944*
Loans from group undertakings	**95,760**	*74,591*
	131,957	*79,535*

11. Taxation

	2017 £	*2016 £*
Corporation tax		
Current tax on profits for the year	**263,105**	*196,196*
Adjustments in respect of previous periods	**45,816**	*(33,068)*
	308,921	*163,128*
Total current tax	**308,921**	*163,128*
Deferred tax		
Origination and reversal of timing differences	**(11,845)**	*56,336*
Adjustments in respect of previous periods	**41,738**	*34,514*
Total deferred tax	**29,893**	*90,850*
Taxation on profit on ordinary activities	**338,814**	*253,978*

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2016 - the same as)* the standard rate of corporation tax in the UK of 20% *(2016 - 20%)* as set out below:

	2017 £	*2016 £*
Profit on ordinary activities before tax	**1,287,481**	*1,257,851*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	**257,496**	*251,570*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**10,285**	*9,025*
Adjustments to tax charge in respect of prior periods	**87,554**	*1,445*
Other timing differences leading to an increase (decrease) in taxation	**(16,521)**	*(8,062)*
Total tax charge for the year	**338,814**	*253,978*

11. Taxation (continued)

Factors that may affect future tax charges

The applicable tax rate for the current year is 20% (2016 - 20%) following the reduction in the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015.

Reductions in the UK corporation tax rate from 23% to 21% (effective from April 2014) and 20% (effective from 1 April 2015) were substantively enacted on July 2013. Further rate reductions 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 Group's future current tax charge accordingly.

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 April 2016	2,411,236	767,912	153,263	789,167	388,550	4,510,128
Additions	18,755	22,754	49,241	15,182	22,316	128,248
Disposals	(97,326)	(39,215)	(114,329)	(32,292)	(11,698)	(294,860)
At 31 March 2017	2,332,665	751,451	88,175	772,057	399,168	4,343,516
Depreciation						
At 1 April 2016	938,435	637,779	54,181	627,006	269,072	2,526,473
Charge for the year on owned assets	123,693	41,729	16,992	28,753	35,304	246,471
Charge for the year on financed assets	41,454	-	-	16,248	24,903	82,605
Disposals	(96,478)	(39,215)	(13,434)	(32,292)	(11,575)	(192,994)
At 31 March 2017	1,007,104	640,293	57,739	639,715	317,704	2,662,555
Net book value						
At 31 March 2017	1,325,561	111,158	30,436	132,342	81,464	1,680,961
At 31 March 2016	*1,472,801*	*130,133*	*99,082*	*162,161*	*119,478*	*1,983,655*

12. Tangible fixed assets (continued)

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

	2017	2016
	£	£
Long-term leasehold property	**353,394**	*394,847*
Furniture, fittings and equipment	**85,649**	*101,897*
Computer equipment	**40,790**	*65,693*
	479,833	*562,437*

13. Stocks

	2017 £	*2016* *£*
Vehicles for sale	**6,302,294**	*4,957,752*
Demonstrator vehicles	**3,424,614**	*2,393,278*
Parts and accessories	**275,024**	*349,415*
	10,001,932	*7,700,445*

In addition, certain stocks of vehicles for resale totalling £4,670,659 *(2016 – £4,226,372)* 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.

14. Debtors

	2017 £	*2016* *£*
Trade debtors	**4,458,531**	*3,707,813*
Amounts owed by group undertakings	**6,091,510**	*7,023,961*
Other debtors	**741,317**	*757,434*
Prepayments and accrued income	**1,794,601**	*1,226,330*
	13,085,959	*12,715,538*

ncluded in the above amount owed by group undertakings, is a balance of £6,091,510 *(2016 - £7,023,961)* relating to amounts owed by the Holding company.

15. Cash and cash equivalents

	2017 £	*2016* *£*
Cash at bank and in hand	**662,970**	*2,425,070*
	662,970	*2,425,070*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

16. Creditors: Amounts falling due within one year

	2017 £	*2016* *£*
Trade creditors	**8,870,406**	*9,484,948*
Amounts owed to group undertakings	**1,571,934**	*1,461,194*
Corporation tax	**-**	*163,128*
Other taxation and social security	**898,727**	*873,229*
Obligations under finance lease and hire purchase contracts	**119,915**	*119,915*
Other creditors	**2,030,357**	*1,841,684*
Accruals and deferred income	**1,171,565**	*974,560*
	14,662,904	*14,918,658*

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

	2017 £	*2016* *£*
Net obligations under finance leases and hire purchase contracts	**363,967**	*479,659*
	363,967	*479,659*

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	*2016* *£*
Within one year	**119,915**	*119,915*
Between 1-2 years	**239,829**	*239,830*
Between 2-5 years	**124,637**	*193,468*
	484,381	*553,213*

Finance leases are all at 0% interest

19. Deferred taxation

	2017 £	*2016* *£*
At beginning of year	**(16,393)**	*74,457*
Charged to the profit or loss	**(29,893)**	*(90,850)*
At end of year	**(46,286)**	*(16,393)*

The provision for deferred taxation is made up as follows:

	2017 £	*2016* *£*
Accelerated capital allowances	**(66,387)**	*(28,956)*
Short term timing differences	**20,101**	*12,563*
	(46,286)	*(16,393)*

20. Share capital

	2017 £	*2016* *£*
Shares classified as equity		
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	**5,000**	*5,000*

21. 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 £317,560 *(2016 - £354,539)*. Contributions totalling £8,652 *(2016 - £27,500)* were payable to the fund at the reporting date.

22. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	*2016*
	£	*£*
Land and Buildings		
Not later than 1 year	**561,566**	*527,357*
Later than 1 year and not later than 5 years	**2,950,466**	*2,232,071*
Later than 5 years	**2,421,224**	*3,628,843*
Total	**5,933,256**	*6,388,271*

	2017	*2016*
	£	*£*
Other		
Not later than 1 year	**11,105**	*27,086*
Later than 1 year and not later than 5 years	**9,502**	*17,440*
Total	**20,607**	*44,526*

23. 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.

24. Controlling party

The immediate parent company at 31 March 2016 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 2016. 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.