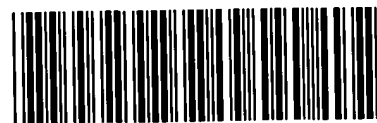


COMPANY REGISTRATION NUMBER: 05036315

Sema Lease UK Limited
Consolidated
Financial Statements
For the year ended
31 March 2018

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Sema Lease UK Limited

Financial Statements

Year ended 31 March 2018

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Sema Lease UK Limited

Officers and Professional Advisers

THE BOARD OF DIRECTORS

R C Ames
G J Balaam

COMPANY SECRETARY

G J Balaam

REGISTERED OFFICE

2 Fison Way
Thetford
Norfolk
United Kingdom
IP24 1HT

AUDITOR

Streets Audit LLP
Chartered accountant & statutory auditor
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

BANKERS

NatWest Bank Plc
7 Cornhill
Bury St Edmunds
Suffolk
IP24 3AG

Sema Lease UK Limited

Strategic Report

Year ended 31 March 2018

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the risks and uncertainties we face.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company have remained as before, being short to medium term leasing of cars and light vans. This also encompasses the disposal of vehicles at the end of their lease term. The principal activity of the subsidiary continued to be the sale of new and used motor vehicles, servicing and maintenance of vehicles and the supply of parts and accessories.

In respect of leasing, the company has continued its consolidation of the fleet and has been successful in securing the renewal of existing funding lines and raising additional new funding which has been reflected in the increased number of vehicles available to the company for leasing.

The company has continued to re-align its customer base and dispensed with a number of customers who were deemed to be too high a risk to continue trading with.

The company continues to receive the full support of all inter-connected companies in respect of loans made and anticipates this will continue in the future.

KEY PERFORMANCE INDICATORS

The directors consider that the key financial performance indicators for the business are turnover, gross profit and pre-tax profit, as outlined below:

	2018	2017
	£	£
Turnover	36,835,881	40,369,929
Gross profit	3,346,694	2,538,515
Net profit before tax	978,790	516,967

Turnover decreased by 8.8% (2017 - increased by 21.3%) and gross profit increased by 31.8% (2017 - decreased by 1.7%), with an increase in the gross profit margin to 9.1% from 6.3%.

Turnover has fallen due to less vehicles being disposed of within Sema Lease during the financial year and a lower volume of new cars within the dealership. However the gross profit margin within Sema Lease has improved due to prudent setting of residual values and a stronger demand for used cars.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have assessed the major risks facing the company. They are considered to be the normal commercial and operational risks associated with a vehicle leasing business including the funding of future vehicle leases and residual value predictions.

Funding for the business is provided from a variety of sources and these are all reviewed as they fall due. Additional funding is also being secured and these facilities will provide sufficient funding to enable the company to grow its vehicle fleet size.

Disposal proceeds are in line with residual values, which are under constant review.

Sema Lease UK Limited

Strategic Report *(continued)*

Year ended 31 March 2018

Interest Rate Risk

The business considers the level of risk exposure on all debt transactions and takes necessary steps to reduce risk to an acceptable level. For significant obligations the company seeks to arrange fixed rate finance where possible in order to mitigate interest rate risk.

Credit Rate and Liquidity Risk

The company has policies in place to ensure transactions are entered into only with parties that are of acceptable credit quality. The company ensures that there are adequate funds available through credit facilities to meet the operational requirements of the business.

FINANCIAL INSTRUMENTS

The financial instruments used by the company arise wholly and directly from its activities. The financial instruments comprise trade debtors, cash at bank, trade creditors and a loan note programme for financing the vehicle fleet. The company has put in place the following measures in order to manage financial risks arising from these financial instruments:

1. The company regularly monitors the level of debtors to ensure that they are kept at reasonable levels and within a predetermined strict credit limit.
2. The company carefully manages its cash position by regularly monitoring its cash flow and with the use of deposit accounts.
3. The company regularly monitors the trade balance and credit limit terms of all suppliers.

FUTURE DEVELOPMENTS

The directors' plans for the forthcoming year are to continue to source additional funding lines in order to increase the fleet size and to continue improving the quality of customer and the retained margins of each unit on lease.

This report was approved by the board of directors on 31/12/18 and signed on behalf of the board by:



G J Balaam
Director

Sema Lease UK Limited

Directors' Report

Year ended 31 March 2018

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

Directors

The directors who served the company during the year were as follows:

R C Ames
G J Balaam

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Disclosure of information in the strategic report

Information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

Sema Lease UK Limited

Directors' Report *(continued)*

Year ended 31 March 2018

This report was approved by the board of directors on31.12.18..... and signed on behalf of the board by:



G J Balaam
Director

Sema Lease UK Limited

Independent Auditor's Report to the Members of Sema Lease UK Limited

Year ended 31 March 2018

Opinion

We have audited the financial statements of Sema Lease UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Sema Lease UK Limited

Independent Auditor's Report to the Members of Sema Lease UK Limited *(continued)*

Year ended 31 March 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Sema Lease UK Limited

Independent Auditor's Report to the Members of Sema Lease UK Limited *(continued)*

Year ended 31 March 2018

Responsibilities of directors

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

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

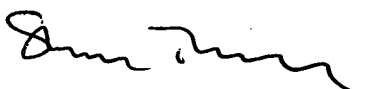
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



Shane Tharby (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountant & statutory auditor
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

9/1/19

Sema Lease UK Limited

Consolidated Statement of Income and Retained Earnings

Year ended 31 March 2018

		2018	2017
	Note	£	(restated) £
Turnover	4	36,835,881	40,369,929
Cost of sales		33,489,187	37,831,414
Gross profit		<u>3,346,694</u>	<u>2,538,515</u>
Administrative expenses		1,723,735	1,359,980
Other operating income		–	4,745
Operating profit	5	<u>1,622,959</u>	<u>1,183,280</u>
Other interest receivable and similar income		18,780	13,031
Interest payable and similar expenses	9	662,949	679,344
Profit before taxation		<u>978,790</u>	<u>516,967</u>
Tax on profit	10	204,982	119,454
Profit for the financial year and total comprehensive income		<u>773,808</u>	<u>397,513</u>
Dividends paid and payable	11	(100,000)	(22,000)
Retained earnings at the start of the year		<u>5,328,855</u>	<u>4,953,342</u>
Retained earnings at the end of the year		<u>6,002,663</u>	<u>5,328,855</u>

All the activities of the group are from continuing operations.

The notes on pages 15 to 30 form part of these financial statements.

Sema Lease UK Limited

Company Statement of Income and Retained Earnings

Year ended 31 March 2018

		2018	2017
	Note	£	(restated) £
Profit for the financial year and total comprehensive income		878,674	421,951
Dividends paid and payable	11	(100,000)	(22,000)
Retained earnings at the start of the year		<u>5,601,696</u>	<u>5,201,745</u>
Retained earnings at the end of the year		<u>6,380,370</u>	<u>5,601,696</u>

The notes on pages 15 to 30 form part of these financial statements.

Sema Lease UK Limited

Consolidated Statement of Financial Position

31 March 2018

	Note	2018 £	2017 (restated) £
Fixed assets			
Intangible assets	12	168,760	274,424
Tangible assets	13	25,047,499	27,218,006
		<u>25,216,259</u>	<u>27,492,430</u>
Current assets			
Stocks	15	2,306,709	2,266,193
Debtors: due within one year	16	4,579,453	5,391,108
Debtors: due after more than one year	16	1,225,839	326,599
Cash at bank and in hand		1,621,685	1,992,884
		<u>9,733,686</u>	<u>9,976,784</u>
Creditors: amounts falling due within one year	18	<u>19,939,606</u>	<u>25,032,907</u>
Net current liabilities		<u>10,205,920</u>	<u>15,056,123</u>
Total assets less current liabilities		<u>15,010,339</u>	<u>12,436,307</u>
Creditors: amounts falling due after more than one year	19	8,424,193	6,567,593
Provisions			
Taxation including deferred tax	21	582,483	538,859
Net assets		<u>6,003,663</u>	<u>5,329,855</u>
Capital and reserves			
Called up share capital	26	1,000	1,000
Profit and loss account	27	6,002,663	5,328,855
Shareholders funds		<u>6,003,663</u>	<u>5,329,855</u>

These financial statements were approved by the board of directors and authorised for issue on 31.12.18, and are signed on behalf of the board by:



G J Balaam
Director

Company registration number: 05036315

The notes on pages 15 to 30 form part of these financial statements.

Sema Lease UK Limited

Company Statement of Financial Position

31 March 2018

	Note	2018 £	2017 (restated) £
Fixed assets			
Intangible assets	12	99,600	199,200
Tangible assets	13	24,753,238	26,929,679
Investments	14	400,700	400,700
		<u>25,253,538</u>	<u>27,529,579</u>
Current assets			
Stocks	15	893,940	545,167
Debtors: due within one year	16	4,847,272	4,641,015
Debtors: due after more than one year	16	1,225,839	1,222,319
Cash at bank and in hand		<u>1,614,085</u>	<u>1,986,490</u>
		8,581,136	8,394,991
Creditors: amounts falling due within one year	18	<u>18,446,628</u>	<u>23,187,108</u>
Net current liabilities		<u>9,865,492</u>	<u>14,792,117</u>
Total assets less current liabilities		<u>15,388,046</u>	<u>12,737,462</u>
Creditors: amounts falling due after more than one year	19	8,424,193	6,567,593
Provisions			
Taxation including deferred tax	21	<u>582,483</u>	<u>567,173</u>
Net assets		<u>6,381,370</u>	<u>5,602,696</u>
Capital and reserves			
Called up share capital	26	1,000	1,000
Profit and loss account	27	<u>6,380,370</u>	<u>5,601,696</u>
Shareholders funds		<u>6,381,370</u>	<u>5,602,696</u>

The profit for the financial year of the parent company was £878,674 (2017: £421,951).

The company statement of financial position
continues on the following page.

The notes on pages 15 to 30 form part of these financial statements.

Sema Lease UK Limited

Company Statement of Financial Position *(continued)*

31 March 2018

These financial statements were approved by the board of directors and authorised for issue on31/12/18.....
and are signed on behalf of the board by:



G J Balaam
Director

Company registration number: 05036315

The notes on pages 15 to 30 form part of these financial statements.

Sema Lease UK Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	2018	2017 (restated)
Note	£	£
Cash flows from operating activities		
Profit for the financial year	773,808	397,513
<i>Adjustments for:</i>		
Depreciation of tangible assets	4,408,254	3,279,865
Amortisation of intangible assets	105,664	105,664
Other interest receivable and similar income	(18,780)	(13,031)
Interest payable and similar expenses	662,949	679,344
Gains on disposal of tangible assets	(2,250)	(7,806)
Tax on profit	204,982	119,454
<i>Changes in:</i>		
Stocks	(40,516)	(367,388)
Trade and other debtors	(40,594)	(172,108)
Trade and other creditors	(1,366,077)	685,238
Cash generated from operations	<u>4,687,440</u>	<u>4,706,745</u>
Interest paid	(662,949)	(679,344)
Interest received	18,780	13,031
Tax paid	(78,062)	(789)
Net cash from operating activities	<u>3,965,209</u>	<u>4,039,643</u>
Cash flows from investing activities		
Purchase of tangible assets	(5,337,785)	(5,692,849)
Proceeds from sale of tangible assets	18,213,313	22,433,658
Net cash from investing activities	<u>12,875,528</u>	<u>16,740,809</u>
Cash flows from financing activities		
Repayments of borrowings	(4,395,788)	(2,646,199)
Proceeds from borrowings	4,860,000	1,915,000
(Repayments)/proceeds from loans from participating interests	50	(90,300)
Payments of finance lease liabilities	(17,644,148)	(20,079,251)
Dividends paid	(100,000)	(22,000)
Net cash used in financing activities	<u>(17,279,886)</u>	<u>(20,922,750)</u>
Net decrease in cash and cash equivalents	(439,149)	(142,298)
Cash and cash equivalents at beginning of year	1,871,891	2,014,189
Cash and cash equivalents at end of year	17 <u>1,432,742</u>	<u>1,871,891</u>

The notes on pages 15 to 30 form part of these financial statements.

Sema Lease UK Limited

Notes to the Financial Statements

Year ended 31 March 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 2 Fison Way, Thetford, Norfolk, IP24 1HT, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the group.

Going concern

The company funds vehicles purchased for the company's hire fleet using finance lease contracts from a number of providers. The vehicles are accounted for as fixed assets and a corresponding liability is recognised, an element of which will be classified as a current liability. This gives rise to the company's net current liabilities position at the year end. The directors have reviewed the company's forecasted cash flows and these are sufficient to meet the liabilities as they fall due. In addition to this, some of the short-term finance lease and hire purchase creditor balances at the year end are funded from the sale of the vehicles at the end of the lease or hire purchase agreement.

Taking into account the above and after making enquiries, the directors believe that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure exemptions

No disclosure exemptions are available under FRS 102.

Consolidation

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

Sema Lease UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Tangible fixed assets are recognised at cost, less accumulated depreciation. Depreciation is charged over the estimated useful life of the asset to its estimated residual value.

The recoverability of trade debtors and other debtors are considered on a regular basis. When calculating the debtor provision, the directors consider the age of the debts and the financial position of its customer.

Revenue recognition

Turnover represents sales of vehicles during the year, including sales of ex-rental vehicles where the operating leases have expired during the year, excluding value added tax. Rentals receivable under operating leases are also included in turnover on a straight line basis over the lease term.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Sema Lease UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Purchased Goodwill	-	20% straight line
Ford Franchise Set-up Costs	-	50% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Straight line over the life of the lease or life of the asset
Plant & Machinery	-	Straight line over the life of the lease, 5%-25% reducing balance
Motor Vehicles	-	Straight line over the life of the lease, 25% reducing balance

Other assets are not depreciated on the basis that they have a high residual value and any depreciation charge would be immaterial. Motor vehicles include cherished number plates which are also not depreciated.

Sema Lease UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stock cost is based on purchase price, or in the case of rental vehicles the purchase cost of the vehicles when they reach the end of the finance lease term.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

4. Turnover

Turnover arises from:

	2018	2017 (restated)
	£	£
Sale of goods	26,615,640	30,436,695
Rendering of services	1,246,326	1,373,293
Hire of vehicles	8,973,915	8,559,941
	<u>36,835,881</u>	<u>40,369,929</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018	2017 (restated)
	£	£
Amortisation of intangible assets	105,664	105,664
Depreciation of tangible assets	4,408,254	3,279,865
Gains on disposal of tangible assets	(2,250)	(7,806)
Impairment of trade debtors	198,751	12,444
Operating lease costs - vehicle rental costs	1,881,871	1,630,273
Operating lease income	<u>(8,973,915)</u>	<u>(8,559,941)</u>

6. Auditor's remuneration

	2018	2017 (restated)
	£	£
Fees payable for the audit of the financial statements	<u>32,500</u>	<u>32,500</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>6,383</u>	<u>16,406</u>

7. Staff costs

The average number of persons employed by the company during the year amounted to 46 (2017: 45).

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017 (restated)
	£	£
Wages and salaries	997,431	1,028,997
Social security costs	122,582	109,719
Other pension costs	12,349	12,493
	<u>1,132,362</u>	<u>1,151,209</u>

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017 (restated)
	£	£
Remuneration	140,090	164,896
Company contributions to defined contribution pension plans	1,307	1,419
	<u>141,397</u>	<u>166,315</u>

9. Interest payable and similar expenses

	2018	2017 (restated)
	£	£
Interest on debenture loans	556,301	551,834
Interest on banks loans and overdrafts	6,126	8,619
Interest on obligations under finance leases and hire purchase contracts	55,160	103,951
VAT interest payable	–	1,134
Other interest payable and similar charges	45,362	13,806
	<u>662,949</u>	<u>679,344</u>

In addition to the above, finance lease charges amounting to £953,743 (2017 - £1,324,408) are included in cost of sales.

10. Tax on profit

Major components of tax expense

	2018	2017 (restated)
	£	£
Current tax:		
UK current tax expense	161,358	2,086
Adjustments in respect of prior periods	–	789
Total current tax	<u>161,358</u>	<u>2,875</u>
Deferred tax:		
Origination and reversal of timing differences	43,624	109,250
Adjustment in respect of prior periods	–	7,329
Total deferred tax	<u>43,624</u>	<u>116,579</u>
Tax on profit	<u>204,982</u>	<u>119,454</u>

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

10. Tax on profit (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018	2017 (restated)
	£	£
Profit on ordinary activities before taxation	978,790	516,967
Profit on ordinary activities by rate of tax	185,970	103,393
Adjustment to tax charge in respect of prior periods	–	8,118
Effect of expenses not deductible for tax purposes	19,341	7,943
Effect of change in tax rates	(26,942)	–
Deferred tax asset not provided for	26,613	–
Tax on profit	<u>204,982</u>	<u>119,454</u>

11. Dividends

	2018	2017 (restated)
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>100,000</u>	<u>22,000</u>

12. Intangible assets

Group	Development		Total £
	Goodwill £	costs £	
Cost			
At 1 April 2017 (as restated)	625,162	5,985	631,147
Disposals	–	(5,985)	(5,985)
At 31 March 2018	<u>625,162</u>	<u>–</u>	<u>625,162</u>
Amortisation			
At 1 April 2017	350,738	5,985	356,723
Charge for the year	105,664	–	105,664
Disposals	–	(5,985)	(5,985)
At 31 March 2018	<u>456,402</u>	<u>–</u>	<u>456,402</u>
Carrying amount			
At 31 March 2018	<u>168,760</u>	<u>–</u>	<u>168,760</u>
At 31 March 2017	<u>274,424</u>	<u>–</u>	<u>274,424</u>

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

12. Intangible assets (continued)

Company	Goodwill £
Cost	
At 1 April 2017 (as restated) and 31 March 2018	<u>498,000</u>
Amortisation	
At 1 April 2017	298,800
Charge for the year	99,600
At 31 March 2018	<u>398,400</u>
Carrying amount	
At 31 March 2018	<u>99,600</u>
At 31 March 2017	<u>199,200</u>

13. Tangible assets

Group	Other assets £	Long leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 April 2017 (as restated)	65,000	319,680	624,438	29,275,343	30,284,461
Additions	–	11,225	23,940	20,413,645	20,448,810
Disposals	–	–	(15,250)	(21,523,548)	(21,538,798)
At 31 March 2018	<u>65,000</u>	<u>330,905</u>	<u>633,128</u>	<u>28,165,440</u>	<u>29,194,473</u>
Depreciation					
At 1 April 2017	–	174,249	424,567	2,467,639	3,066,455
Charge for the year	–	8,134	34,982	4,365,138	4,408,254
Disposals	–	–	(8,777)	(3,318,958)	(3,327,735)
At 31 March 2018	<u>–</u>	<u>182,383</u>	<u>450,772</u>	<u>3,513,819</u>	<u>4,146,974</u>
Carrying amount					
At 31 March 2018	<u>65,000</u>	<u>148,522</u>	<u>182,356</u>	<u>24,651,621</u>	<u>25,047,499</u>
At 31 March 2017	<u>65,000</u>	<u>145,431</u>	<u>199,871</u>	<u>26,807,704</u>	<u>27,218,006</u>

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

13. Tangible assets (continued)

Company	Other assets £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2017 (as restated)	65,000	189,415	29,275,343	29,529,758
Additions	–	1,775	20,413,645	20,415,420
Disposals	–	(15,250)	(21,523,548)	(21,538,798)
At 31 March 2018	<u>65,000</u>	<u>175,940</u>	<u>28,165,440</u>	<u>28,406,380</u>
Depreciation				
At 1 April 2017	–	132,440	2,467,639	2,600,079
Charge for the year	–	15,660	4,365,138	4,380,798
Disposals	–	(8,777)	(3,318,958)	(3,327,735)
At 31 March 2018	<u>–</u>	<u>139,323</u>	<u>3,513,819</u>	<u>3,653,142</u>
Carrying amount				
At 31 March 2018	<u>65,000</u>	<u>36,617</u>	<u>24,651,621</u>	<u>24,753,238</u>
At 31 March 2017	<u>65,000</u>	<u>56,975</u>	<u>26,807,704</u>	<u>26,929,679</u>

Assets held for use in operating leases

Included within the net book value of £25,047,499 is £24,386,114 (2017 - £26,231,854) relating to assets held for use in operating leases. The depreciation charged in the year in respect of the assets held for use in operating leases amounted to £4,023,795 (2017 - £3,208,129).

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group and company	Motor vehicles £
At 31 March 2018	<u>17,428,650</u>
At 31 March 2017	<u>19,971,868</u>

14. Investments

Group	Other investments other than loans £
Cost	
At 1 April 2017 as restated and 31 March 2018	<u>144,000</u>
Impairment	
At 1 April 2017 as restated and 31 March 2018	<u>144,000</u>

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

14. Investments (continued)

Group			Other investments other than loans £
Carrying amount			
At 1 April 2017 and 31 March 2018			–
At 31 March 2017			–
Company			
	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At 1 April 2017 as restated and 31 March 2018	400,700	144,000	544,700
Impairment			
At 1 April 2017 as restated and 31 March 2018	–	144,000	144,000
Carrying amount			
At 1 April 2017 and 31 March 2018	400,700	–	400,700
At 31 March 2017	400,700	–	400,700

During an earlier year the company invested £144,000 in a Limited Liability Partnership. As at the balance sheet date the directors have considered the investment for impairment in accordance with UK GAAP. The nature of this investment makes predicting future returns difficult and based on all of the available evidence as at the balance sheet date the directors have concluded that the value of the investment may not be recoverable. For this reason the investment has been fully impaired.

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Ames Nissan Limited	A Ordinary	100
	B Non-Voting	100

The results and capital and reserves for group undertakings included in the consolidated financial statements are as follows:

Subsidiary undertakings	Capital and reserves		Profit/(loss) for the year	
	2018 £	2017 £	2018 £	2017 £
Ames Nissan Limited	(43,514)	55,288	(98,802)	(18,373)

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

15. Stocks

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Raw materials and consumables	160,949	169,833	–	–
Finished goods and goods for resale	2,145,760	2,096,360	893,940	545,167
	<u>2,306,709</u>	<u>2,266,193</u>	<u>893,940</u>	<u>545,167</u>

16. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Trade debtors	1,870,013	1,816,820	1,510,602	1,194,865
Amounts owed by related undertakings	2,499,801	2,396,988	2,490,930	2,384,794
Prepayments and accrued income	279,516	151,919	39,761	120,330
Directors current accounts	709,241	615,025	694,950	557,116
S455 tax repayable	20,181	17,986	1,361	–
Other debtors	110,145	392,370	109,668	383,910
	<u>5,488,897</u>	<u>5,391,108</u>	<u>4,847,272</u>	<u>4,641,015</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Amounts owed by group undertakings	–	–	909,444	895,720
S455 tax repayable	198,813	154,017	198,813	154,017
Other debtors	117,582	172,582	117,582	172,582
	<u>316,395</u>	<u>326,599</u>	<u>1,225,839</u>	<u>1,222,319</u>

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2018	2017 (restated)
	£	£
Cash at bank and in hand	1,621,685	1,992,884
Bank overdrafts	(188,943)	(120,993)
	<u>1,432,742</u>	<u>1,871,891</u>

Sema Lease UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

18. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017 <i>(restated)</i>	2018	2017 <i>(restated)</i>
	£	£	£	£
Other loans	2,547,000	4,295,000	2,547,000	4,295,000
Bank loans and overdrafts	292,039	221,365	103,096	100,372
Trade creditors	1,647,613	3,978,115	456,445	2,339,384
Amounts owed to related undertakings	2,825	2,775	1,825	1,775
Accruals and deferred income	572,701	317,645	555,013	305,570
Corporation tax	216,499	86,212	216,499	74,934
Social security and other taxes	141,572	51,113	82,696	23,560
Obligations under finance leases and hire purchase contracts	13,825,405	16,005,640	13,825,405	16,005,640
Other creditors	693,952	75,042	658,649	40,873
	<u>19,939,606</u>	<u>25,032,907</u>	<u>18,446,628</u>	<u>23,187,108</u>

The bank loans and overdrafts are secured against assets held by Mr R C Ames, Director.

Obligations under finance leases and hire purchase contracts are secured on the related assets.

The bank loan is repayable over 5 years, which commenced in February 2015, with interest charged at a rate of 2.17% over base per annum.

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

	Group		Company	
	2018	2017 <i>(restated)</i>	2018	2017 <i>(restated)</i>
	£	£	£	£
Other loans	4,750,000	2,437,000	4,750,000	2,437,000
Bank loans and overdrafts	86,913	190,425	86,913	190,425
Obligations under finance leases and hire purchase contracts	3,587,280	3,940,168	3,587,280	3,940,168
	<u>8,424,193</u>	<u>6,567,593</u>	<u>8,424,193</u>	<u>6,567,593</u>

The bank loans and overdrafts are secured against assets held by Mr R C Ames, director.

The hire purchase and finance lease agreements are secured against the related assets.

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Not later than 1 year	14,402,380	16,884,595	14,402,380	16,884,595
Later than 1 year and not later than 5 years	3,652,479	4,070,097	3,652,479	4,070,097
	<u>18,054,859</u>	<u>20,954,692</u>	<u>18,054,859</u>	<u>20,954,692</u>
Less: future finance charges	(642,174)	(1,008,884)	(642,174)	(1,008,884)
Present value of minimum lease payments	<u>17,412,685</u>	<u>19,945,808</u>	<u>17,412,685</u>	<u>19,945,808</u>

21. Provisions

Group	Deferred tax (note 22) £
At 1 April 2017 (as restated)	538,859
Other movements	43,624
At 31 March 2018	<u>582,483</u>
Company	Deferred tax (note 22) £
At 1 April 2017 (as restated)	567,173
Other movements	15,310
At 31 March 2018	<u>582,483</u>

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Included in provisions (note 21)	<u>582,483</u>	<u>538,859</u>	<u>582,483</u>	<u>567,173</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Accelerated capital allowances	582,483	672,798	582,483	655,226
Unused tax losses	–	(133,939)	–	(88,053)
	<u>582,483</u>	<u>538,859</u>	<u>582,483</u>	<u>567,173</u>

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £12,349 (2017: £12,493).

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group 2018	2017 (restated)
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>3,491,698</u>	<u>3,809,703</u>

Financial liabilities measured at amortised cost

	Group 2018	2017 (restated)
	£	£
Financial liabilities measured at amortised cost	<u>26,736,248</u>	<u>31,067,711</u>

25. Prior period adjustment

During the year an error was identified in the balance owed on finance leases for vehicles and the corresponding book value of the vehicles in fixed assets. The error was an overstatement of the fixed assets and the finance lease creditor and amounted to £6,259,986. There was no impact on the profit and loss account.

26. Called up share capital

Issued, called up and fully paid

	2018		2017 (restated)	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

27. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Sema Lease UK Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2018

28. Operating leases

As lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Not later than 1 year	1,476	1,476	1,476	1,476
Later than 1 year and not later than 5 years	1,845	3,321	1,845	3,321
	<u>3,321</u>	<u>4,797</u>	<u>3,321</u>	<u>4,797</u>

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017 (restated)	2018	2017 (restated)
	£	£	£	£
Not later than 1 year	<u>4,486,957</u>	<u>4,671,552</u>	<u>4,486,957</u>	<u>4,671,552</u>

29. Directors' advances, credits and guarantees

During the year the company operated current accounts with the directors. At the balance sheet date the directors owed the company £709,241 (2017 - £615,025). The maximum amount outstanding during the year was £709,241 (2017 - £615,025). Interest has been charged at the HMRC official rate.

30. Related party transactions

Group

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and balances outstanding at the year end are as follows:

Other related parties

	2018	2017
	£	£
Balances owed to	2,825	2,775
Balances owed from	2,499,800	2,396,987
Sales	1,126,175	1,179,095
Purchase/expenses	178,977	138,713
Loans to	213,220	302,980
Repayments from	132,378	283,616

R C Ames has given personal guarantees amounting to £600,000 in respect of the company's bank loan and overdraft facility. The group's bankers also hold a legal charge over 2 Fison Way, Thetford, Norfolk, which is owned by R C Ames.

Sema Lease UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

30. Related party transactions *(continued)*

Company

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and balances outstanding at the year end are as follows:

Entities which the company controls

	2018	2017
	£	£
Balance due from	909,444	895,720
Sales	136,319	95,056
Purchases/expenses	73,336	60,412

Other related parties

	2018	2017
	£	£
Balances due to	1,825	1,775
Balances due from	2,490,929	2,384,794
Sales	1,126,175	1,179,095
Purchases/expenses	178,977	109,913
Loans to	213,220	302,980
Repayments from	132,378	283,616