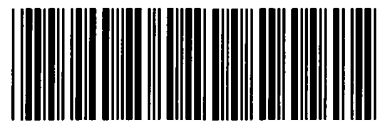


LIND AG LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

LIND AG LIMITED

COMPANY INFORMATION

Directors	G M Dacre R B Dacre D A Stuart
Company secretary	G M Dacre
Registered number	02727708
Registered office	Brook Farm Five Oak Green Road Tonbridge Kent TN11 0QN
Independent auditors	Larking Gowen Chartered Accountants & Statutory Auditors 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL
Bankers	Bank of Scotland 3 Queen Street Norwich Norfolk NR2 4SG

LIND AG LIMITED

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LIND AG LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their strategic report for the year ended 31 December 2016.

Business review

The business retails new and used Porsche cars, parts and other service from its dealership in Tonbridge, Kent. Throughout 2016 the business enjoyed buoyant market conditions. The total sales increased over the prior year [+22%] and profitability increased [+13%]. Encouragingly the momentum continues into 2017.

The Porsche model range remains at the top of its impressive history, and demand for most models continued to outstrip supply throughout the year. The Macan in particular continues to enjoy an extended lead time [+5 months]. The new 911 (991 Gen2) and 718 Boxster & Cayman were well received in the year. The 2nd Generation Panamera launched in November, but the financial impact of these models will not be seen until 2017. During the year, some very special models were delivered including the 911 GT3RS and 911R models. Porsche UK registrations exceeded 13,500 units [+8%] in 2016; the highest performance in the UK to-date.

Following significant focus the business concluded 2016 as the network leading Porsche Centre in the UK for Sales Customer Satisfaction, this is a very noteworthy achievement.

LIND AG LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Principal risks and uncertainties

Business risks:

The company operates within a niche area of the mature, and highly competitive, UK car market. As with many retail businesses, the company's performance is sensitive to consumer's spending patterns, their overall level of disposable income, and more recently, the general tightening of credit facilities within the economy. In the longer term, the impact of consumer trends towards products they perceive as more environmentally friendly may also be an important consideration. On the supply side, the volume of sales can be affected by the availability of new vehicles from the manufacturer, along with the timing of new model launches.

General economy:

The company is not immune to the general economic conditions. The possibility of inflation, growing unemployment, interest rate rises and exchange rate fluctuations could have a negative impact on the business.

Franchise agreements:

The company operates a vehicle manufacturer franchise; the loss of which would have a significant impact on the business. The strategy is to maintain close links with the company's brand partner and continue to perform at the highest levels to mitigate these risks.

Competition:

The company operates in the mature and highly competitive UK car market. Both sales and aftersales profitability could be impacted in the future by the development of the internet and/or by potential new market entrants. The company aims to minimise this risk by ensuring it offers competitively priced products and delivering high levels of customer satisfaction.

Regulatory compliance risk:

The company is subject to regulatory compliance risk by failing to comply with laws, regulations or codes as set by the Health and Safety Executive, Financial Conduct Authority and local authorities. Non-compliance can lead to fines, public reprimand and suspension from selling general insurance products.

Management:

The company is dependent on members of its senior management team and the loss of such individuals could have an adverse affect on the business. Further, failure to attract, develop and retain staff of sufficient calibre could also affect the ability of the business to grow.

Information risk:

The company is dependent on the continuous operation of its information technology and computer systems which are vulnerable to damage, failure and sabotage. Whilst insurance cover is in place, such a disaster could have a detrimental affect on the business.

Financial risk management objectives and policies:

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Trade debtors are closely monitored to keep the risk of bad debts to a minimum level. Levels of stock are also regularly scrutinised to reduce the risk of slow moving stocks being held.

LIND AG LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Financial key performance indicators

The company uses a range of performance measures to monitor business performance. The directors consider that, consistent with the size and non-complex nature of the business, the key performance indicators are those that communicate the financial performance of the business as a whole and are as follows:

	2016 £	2015 £
Turnover	40,409,361	33,081,319
Gross profit	4,986,104	4,421,451
Operating profit	927,083	987,785

Other key performance indicators

The company also reviews non-financial indicators, particularly those relating to customer satisfaction, manufacturer balanced scorecard performance and changes in employee numbers. Employee numbers have increased during the year to 47 (2015: 45).

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

R B Dacre
Director

Date: 22/9/2017

LIND AG LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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

Directors' responsibilities statement

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;
- 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.

Principal activity

The principal activity of the company continued to be that of operating a motor dealership.

Results and dividends

The profit for the year, after taxation, amounted to £688,054 (2015 - £762,498).

The directors have declared and paid a dividend of £1.8m for the year (2015: £nil).

Directors

The directors who served during the year were:

G M Dacre
R B Dacre
D A Stuart

LIND AG LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Larking Gowen will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



R B Dacre
Director

Date: 22/9/2017

LIND AG LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIND AG LIMITED

We have audited the financial statements of Lind AG Limited for the year ended 31 December 2016, set out on pages 8 to 26. 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

LIND AG LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIND AG LIMITED (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.



Ian Fitch FCA (Senior Statutory Auditor)

for and on behalf of

Larking Gowen

Chartered Accountants
Statutory Auditors

1 Claydon Business Park
Great Blakenham
Ipswich
IP6 0NL

Date: 22nd September 2017

LIND AG LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	40,409,361	33,081,319
Cost of sales		(35,423,257)	(28,659,868)
Gross profit		4,986,104	4,421,451
Administrative expenses		(4,061,933)	(3,438,658)
Other operating income	5	2,912	4,992
Operating profit	6	927,083	987,785
Interest receivable and similar income	9	2,317	2,286
Interest payable and expenses	10	(154,028)	(141,289)
Profit before tax		775,372	848,782
Tax on profit	11	(87,318)	(86,284)
Profit for the year		688,054	762,498

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 11 to 26 form part of these financial statements.

LIND AG LIMITED
REGISTERED NUMBER: 02727708

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	141,157	160,722
		<u>141,157</u>	<u>160,722</u>
Current assets			
Stocks	14	4,414,172	4,534,893
Debtors: amounts falling due after more than one year	15	-	2,565,000
Debtors: amounts falling due within one year	15	2,799,451	753,850
Cash at bank and in hand	16	300,908	689,489
		<u>7,514,531</u>	<u>8,543,232</u>
Creditors: amounts falling due within one year	17	(6,218,969)	(6,319,965)
Net current assets		<u>1,295,562</u>	<u>2,223,267</u>
Total assets less current liabilities		<u>1,436,719</u>	<u>2,383,989</u>
Provisions for liabilities			
Deferred tax	18	(1,609)	(1,933)
Other provisions	19	(165,000)	-
		<u>(166,609)</u>	<u>(1,933)</u>
Net assets		<u>1,270,110</u>	<u>2,382,056</u>
Capital and reserves			
Called up share capital	20	100	200,000
Profit and loss account	21	1,270,010	2,182,056
		<u>1,270,110</u>	<u>2,382,056</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R B Dacre
Director

Date: 22/9/2017

The notes on pages 11 to 26 form part of these financial statements.

LIND AG LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	200,000	1,419,558	1,619,558
Comprehensive income for the year			
Profit for the year	-	762,498	762,498
	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	762,498	762,498
Total transactions with owners	-	-	-
At 1 January 2016	200,000	2,182,056	2,382,056
Comprehensive income for the year			
Profit for the year	-	688,054	688,054
	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	688,054	688,054
Dividends: Equity capital	-	(1,800,000)	(1,800,000)
Shares cancelled during the year reserves credit	-	199,900	199,900
Shares cancelled during the year	(199,900)	-	(199,900)
Total transactions with owners	(199,900)	(1,600,100)	(1,800,000)
At 31 December 2016	100	1,270,010	1,270,110

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Lind AG Limited is a limited liability company incorporated in England and Wales under company number 02727708.

The registered office is Brook Farm, Five Oak Green Road, Tonbridge, Kent, TN11 0QN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in 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 principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Lind Group Holding Company Limited as at 31 December 2016 and these financial statements may be obtained from Companies House, Cardiff, CF14 3UZ.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue 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 revenue 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Manufacturer bonuses

Manufacturer bonuses and related income are recognised in the period to which they relate providing they can be estimated with reasonable certainty.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

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

The estimated useful lives range as follows:

Long-term leasehold property	- over the period of the lease
Plant and machinery	- 5-10 years
Motor vehicles	- 3-5 years
Fixtures and fittings	- 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Under supply agreements with Porsche, the company has access to 'consignment stock'. Where the nature of these supply agreements transfer the risks and rewards of ownership to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the statement of financial position together with the equivalent liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.9 Creditors

Short term creditors are measured at the transaction price. 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 Statement of 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.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. 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 Statement of Comprehensive Income using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income 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.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Stock, against which an estimated provision has been made. For vehicle stock, provisions have been made for specific vehicles in line with available published industry data and taking into account further anticipated costs to sell. Parts have been provided for at different rates determined by the age of the parts in stock.

Tangible fixed assets, against which depreciation has been charged in line with the accounting policy.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £	2015 £
Other operating income	2,912	4,992
	<u>2,912</u>	<u>4,992</u>

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	69,267	62,509
Other operating lease rentals	294,850	262,000
Defined contribution pension cost	41,931	39,979
	<u>406,048</u>	<u>364,488</u>

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Auditors' remuneration

	2016	2015
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,000	8,400

8. Employees

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	1,360,384	1,224,728
Social security costs	186,836	165,956
Cost of defined contribution scheme	41,931	39,979
	1,589,151	1,430,663

During the year, no director received any emoluments (2015: £Nil) from this company.

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

	2016	2015
	No.	No.
Mechanical	9	9
Sales and distribution	9	9
Administration	26	24
Directors	3	3
	47	45

9. Interest receivable

	2016	2015
	£	£
Other interest receivable	2,317	2,286
	2,317	2,286

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	192	-
Stocking loan interest payable	153,836	141,289
	<u>154,028</u>	<u>141,289</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	87,642	70,599
	<u>87,642</u>	<u>70,599</u>
Total current tax	<u>87,642</u>	<u>70,599</u>
Deferred tax		
Origination and reversal of timing differences	(217)	14,586
Changes to tax rates	(107)	1,099
Total deferred tax	<u>(324)</u>	<u>15,685</u>
Taxation on profit on ordinary activities	<u>87,318</u>	<u>86,284</u>

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2016 £	2015 £
Profit on ordinary activities before tax	<u>775,372</u>	<u>848,782</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	155,074	169,756
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	293
Capital allowances for year in excess of depreciation	252	-
Utilisation of tax losses	-	(15,113)
Adjustments to tax charge in respect of prior periods	-	1,099
Group relief	(65,455)	(68,971)
Deferred tax not recognised	(2,236)	-
Change in rates	(317)	(780)
Total tax charge for the year	<u>87,318</u>	<u>86,284</u>

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax from 20% to 17% by 1 April 2020 was included in the Finance Act 2016 and has since become substantively enacted. Deferred tax has been provided for at 17% in these financial statements.

12. Dividends

	2016 £	2015 £
Dividends	1,800,000	-
	<u>1,800,000</u>	<u>-</u>

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2016	2,500	822,805	114,737	940,042
Additions	5,700	62,532	30,137	98,369
Disposals	-	(102,685)	(56,821)	(159,506)
At 31 December 2016	8,200	782,652	88,053	878,905
Depreciation				
At 1 January 2016	63	737,046	42,211	779,320
Charge for the year on owned assets	765	45,597	22,905	69,267
Disposals	-	(102,685)	(8,154)	(110,839)
At 31 December 2016	828	679,958	56,962	737,748
Net book value				
At 31 December 2016	7,372	102,694	31,091	141,157
At 31 December 2015	2,437	85,759	72,526	160,722

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Stocks

	2016 £	2015 £
Vehicle and part stocks	4,414,172	4,534,893
	<u>4,414,172</u>	<u>4,534,893</u>

Stock recognised in cost of sales during the year as an expense was £34,034,731 (2015 - £28,659,868).

An impairment loss of £11,044 (2015 - £8,177) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Included within the total stock figure is £1,908,985 (2015: £1,837,813) of consignment stock.

Also included within the total stock figure are demonstrator vehicles amounting to £1,096,254 (2015: £1,021,405) and used vehicles amounting to £1,476,089 (2015: £1,660,285) which are secured against the relevant vehicle creditors.

15. Debtors

	2016 £	2015 £
Due after more than one year		
Amounts owed by group undertakings	-	2,565,000
	<u>-</u>	<u>2,565,000</u>
	<u>2016 £</u>	<u>2015 £</u>
Due within one year		
Trade debtors	395,979	166,948
Amounts owed by group undertakings	1,835,000	-
Other debtors	118,402	192,902
Prepayments and accrued income	450,070	394,000
	<u>2,799,451</u>	<u>753,850</u>

An impairment loss of £181 (2015: reversal of a loss of £231) was recognised against trade debtors.

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. Cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	300,908	689,489
	300,908	689,489

17. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Payments received on account	618,692	708,929
Trade creditors	2,900,813	3,061,427
Consignment stock creditor	1,908,985	1,837,813
Amounts owed to group undertakings	70,767	-
Corporation tax	88,591	70,223
Other taxation and social security	284,341	264,611
Other creditors	114,417	-
Accruals and deferred income	232,363	376,962
	6,218,969	6,319,965

Included within trade creditors is the consignment stock creditor. Amounts are secured against the relevant stock items (note 14).

Included within trade creditors is a demonstrator vehicle funding creditor of £1,096,254 (2015: £1,021,405) and a used vehicle funding creditor amounting to £1,476,089 (2015: £1,660,285) which are secured against the relevant vehicle stocks to which they relate.

18. Deferred taxation

	2016	2015
	£	£
At beginning of year	(1,933)	13,752
Charged to profit or loss	324	(15,685)
At end of year	(1,609)	(1,933)

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Difference between capital allowances and depreciation	(1,609)	(1,933)
	<u>(1,609)</u>	<u>(1,933)</u>

19. Provisions

	Dilapidation provision £
Charged to profit or loss	165,000
At 31 December 2016	<u>165,000</u>

20. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 (2015 - 200,000) Ordinary shares of £1 each	<u>100</u>	<u>200,000</u>

During the year the company cancelled 199,900 of the issued ordinary shares of £1, each of which was fully paid up and the amount by which the share capital was reduced was credited to reserves.

21. Reserves

Profit and loss account

The profit and loss account includes all current and prior period profits and losses.

22. Pension commitments

The company contributes to a group personal pension plan for individuals. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the period was £41,931 (2015: £39,979). At 31 December 2016, the company had outstanding contributions of £14,100 (2015: £12,422).

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

23. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	314,205	329,273
Later than 1 year and not later than 5 years	1,063,394	1,203,744
Later than 5 years	1,041,781	1,474,250
	<u>2,419,380</u>	<u>3,007,267</u>

24. Contingent liabilities

A cross guarantee exists between all group companies in relation to the group overdraft facility. The overdraft facility is set at £1,400,000 (2015: £600,000). At the balance sheet date the potential liability under this guarantee for the company was £701,716 (2015: £401,070).

25. Related party transactions

During the year, the company rented premises from a director under a formal lease agreement and rent totaling £282,850 (2015: £250,000) was charged. Other costs relating to the lease of £4,868 (2015: £nil) were also charged in the year.

The company has taken advantage of the exemptions available under Financial Reporting Standard 102, whereby wholly owned subsidiary undertakings do not have to disclose transactions with other wholly owned members of that group.

During the year, the company purchases from, or sold goods to, the following directors:

	2016 Sales £	2016 Purchases £	2015 Sales £	2015 Purchases £
G M Dacre	702,674	233,193	152,783	105,314
R B Dacre	437,383	299,067	-	-
	<u>1,140,057</u>	<u>532,260</u>	<u>152,783</u>	<u>105,314</u>

During the year, the company made advances to a director of the company, totaling £Nil (2015: £51,218) of which £Nil (2015: £51,218) remained outstanding as at the year end.

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

26. Controlling party

The ultimate parent undertaking of the company is Lind Group Holding Company Limited, a company registered in England and Wales. Lind Group Holding Company Limited prepares consolidated financial statements in which the results of Lind AG Limited are included. These consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

As at the year end, the company was under the control of G M Dacre and R B Dacre by virtue of their joint controlling interest in the share capital of the ultimate parent undertaking Lind Group Holding Company Limited.