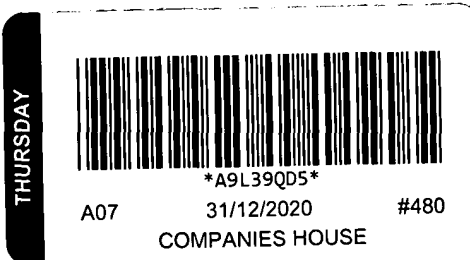

DINNAGES GARAGES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



DINNAGES GARAGES LIMITED

COMPANY INFORMATION

Directors

M E Broyd
J M Broyd
D J Broyd
A E Broyd
J C W Broyd

Company secretary

A E Broyd

Registered number

00296492

Registered office

22 Wivelsfield Road
Haywards Heath
West Sussex
RH16 4EQ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
2nd Floor
St John's House
Haslett Avenue West
Crawley
RH10 1HS

Bankers

Barclays Bank Plc
The Old Bank
High Street
Lewes
East Sussex
BN7 2JP

DINNAGES GARAGES LIMITED

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DINNAGES GARAGES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Principle activity

The Company is principally engaged as a Ford and Volvo main dealer in the selling of motor vehicles, lubricants, motor parts and accessories and automobile engineering. The Company also operates a Renault parts and servicing franchise from its dealerships in Haywards Heath.

Business and future developments

2019 witnessed another decline in the UK for new passenger car registrations, down by 2.4%, and in fact the lowest total car market for six years. The important new retail car content was down by 3.2%. This trend of decline was attributed to continued uncertainty surrounding the outcome of Brexit and the challenges over future environmental regulations. The new car market got tougher and this resulted in a slight drop in turnover.

Used cars performed with a good consistency – volume and profitability slightly up on 2018.

Service had a very strong year. Following a difficult year in 2018 it was gratifying to see a marked improvement at Brighton resulting in a positive swing in excess of £100,000 to bottom line for the department. The team is now in good shape going forward.

Our parts department is in the process of re-shaping as we have to adjust to being less reliant on a trade wholesale business model. This is in line with Ford Motor Company's implementation of an independent trade supply distribution model.

The company continued to be in a strong financial position.

DINNAGES GARAGES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal risks and uncertainties

The management and strategy of the business is reliant on the ongoing relationships with the manufacturers, the availability of desirable new vehicle products and a number of other risks. The directors have set out below the principal risks facing the business.

Financial instruments

The Company uses various financial instruments comprising borrowings, cash and other items such as trade debtors and creditors that arise from its operations. The purpose of these financial instruments is to raise cash for the Company's operations. The main risks arising from the Company's financial instruments are interest rate and liquidity risk.

Interest rate risk

The Company finances its operations through a mixture of retained profits, shareholders loans and borrowings from Ford, Volvo and the Company's bankers. The Company's exposure to interest rate fluctuations is managed by the use of both fixed and floating facilities.

Liquidity risk

Funds available to the Group are above operating requirements. The directors keep firm control of stocks, especially new and used vehicle stocks, and monitor levels on a daily basis. Monthly management accounts are produced and EBITDA is measured to ensure liquidity.

Market risk

The market in which the Company operates is highly competitive. There is constant pressure on margins and policies of price monitoring and market research are in place to mitigate risks. The enhanced success of the business is reliant on consumer spending. A downturn in the economy results in a reduction of this spending and the directors are always monitoring the environment to react as necessary.

COVID-19 has clearly ensured a challenging year for 2020, both operationally and financially. Support from the government and local authorities in the form of Furlough and Business Rate relief has helped considerably. As a consequence of closing the business at Burgess Hill during the initial lockdown period the decision has been taken not to re-open. There has been a long held belief that this would prove to be a positive move for Dinnages. The Haywards Heath and Burgess Hill business's are less than ten minutes travel time apart. So far indications are very good.

The Brexit transition agreement was agreed and enacted from 31 January 2020 confirming that the UK would leave the EU, although at the time the terms of the withdrawal were not known. Subsequently, the directors are still assessing the impact of the recently agreed Brexit trade agreement, however, the indications of this deal is that there will be limited changes from the current arrangements and as such the directors are much more positive than a year ago.

We believe that our "hands on approach", with ongoing emphasis on customer relationship management, will enable us to maintain our strong market position.

DINNAGES GARAGES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial key performance indicators

	2018 £000	2018 £000	Change £000	Change %
Turnover	57,458	59,643	(2,185)	-3.7
Gross profit	2,173	2,035	138	6.8
Profit before tax	356	89	267	300

Statement by the director in performance of his statutory duties in accordance with s172(1) Companies Act 2006

The directors consider that they have acted in a way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2019 and in creating future business plans ('the plans'):

- a) The plans are designed to have a long-term beneficial impact on the Group and to contribute to its success by providing our customers high-quality service. We achieve this objective by continuing to focus on the customer and their needs in vehicle purchases or aftercare services.
- b) Our employees are fundamental to the delivery of our plans. We aim to be a responsible and attractive employer in our approach to the pay and benefits our employees receive and the opportunities they have to grow their careers.
- c) The plans are informed by engagement with our suppliers and customers, enabling us to gain an in depth understanding of their needs and priorities. We aim to act responsibly and fairly in how we engage with all stakeholders.
- d) The plans consider the impact of the Group's operations on the community and the environment. We encourage our employees to support the communities they work in.
- e) As directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of the plans.
- f) As directors, our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plans.

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

Adam Broyd

A E Broyd

Director

Date: 31/12/2020

DINNAGES GARAGES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £247,000 (2018: £61,000)

During the year the directors have recommended and paid the preference share dividend of £540 (2018: £540) from reserves. No dividend is recommended on the Ordinary shares.

Directors

The directors who served during the year were:

M E Broyd
J M Broyd
D J Broyd
A E Broyd
J C W Broyd

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DINNAGES GARAGES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events

Dinnages ended its agreement with Volvo Cars in March 2020. This business was closed on 20 March 2020, just prior to the initial COVID-19 lockdown announcement on 23 March 2020. Work commenced immediately on a re-shape of the showrooms at Worthing and the result is such that our Transit Centre has moved from Brighton to a new six vehicle facility for this franchise, thus securing Fords approval for the long term. Building works were completed in order that the team were able to re-start post lockdown in June in the new showroom.

COVID-19 has clearly ensured a challenging year for 2020, both operationally and financially. Support from the government and local authorities in the form of Furlough and Business Rate relief has helped considerably. As a consequence of closing the business at Burgess Hill during the initial lockdown period the decision has been taken not to re-open. There has been a long held belief that this would prove to be a positive move for Dinnages. The Haywards Heath and Burgess Hill business's are less than ten minutes travel time apart. So far indications are very good.

The Brexit transition agreement was agreed and enacted from 31 January 2020 confirming that the UK would leave the EU, although at the time the terms of the withdrawal were not known. Subsequently, the directors are still assessing the impact of the recently agreed Brexit trade agreement, however, the indications of this deal is that there will be limited changes from the current arrangements and as such the directors are much more positive than a year ago.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Adam Broyd

A E Broyd

Director

Date: 31/12/2020



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DINNAGES GARAGES LIMITED

Opinion

We have audited the financial statements of Dinnages Garages Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, 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 Financial Reporting Standard 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 Company's affairs as at 31 December 2019 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.

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 Company 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.

The impact of micro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DINNAGES GARAGES LIMITED
(CONTINUED)**

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 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic and Directors' Reports set out on pages 1 to 4, other than the financial statements and our Auditor's Report thereon. 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DINNAGES GARAGES LIMITED
(CONTINUED)**

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the 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 or the Directors' Report.

Matters on which we are required to report by exception

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, 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DINNAGES GARAGES LIMITED (CONTINUED)

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.

Grant Thornton UK LLP

Jonathan Oakey FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
Date: 31/12/2020

DINNAGES GARAGES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Turnover	4	57,458	59,643
Cost of sales		(55,285)	(57,608)
Gross profit		2,173	2,035
Administrative expenses		(2,127)	(2,073)
Other operating income	5	129	146
Gain from changes in fair value of investment property		284	-
Operating profit	6	459	108
Interest receivable and similar income	10	20	86
Interest payable and expenses	11	(123)	(105)
Profit before tax		356	89
Tax on profit	12	(109)	(28)
Profit after tax		247	61
Retained earnings at the beginning of the year		3,597	3,536
		3,597	3,536
Profit for the year		247	61
Retained earnings at the end of the year		3,844	3,597

The notes on pages 16 to 34 form part of these financial statements.

DINNAGES GARAGES LIMITED
REGISTERED NUMBER:00296492

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	13	1,485	1,644
Investments	14	23	23
Investment property	15	624	340
		<u>2,132</u>	<u>2,007</u>
Current assets			
Stocks	16	13,157	12,738
Debtors: amounts falling due within one year	17	2,059	2,210
Cash at bank and in hand	18	3,365	3,026
		<u>18,581</u>	<u>17,974</u>
Creditors: amounts falling due within one year	19	(16,665)	(16,222)
Net current assets		<u>1,916</u>	<u>1,752</u>
Total assets less current liabilities		<u>4,048</u>	<u>3,759</u>
Creditors: amounts falling due after more than one year	20	(9)	(9)
Provisions for liabilities			
Deferred tax	21	(179)	(137)
		<u>(179)</u>	<u>(137)</u>
Net assets		<u><u>3,860</u></u>	<u><u>3,613</u></u>

DINNAGES GARAGES LIMITED
REGISTERED NUMBER:00296492

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Capital and reserves			
Called up share capital	22	11	11
Other reserves	23	5	5
Profit and loss account	23	3,844	3,597
		<u>3,860</u>	<u>3,613</u>

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

Daniel Broyd

D J Broyd
Director
Date: 31/12/2020

Adam Broyd

A E Broyd
Director
Date: 31/12/2020

The notes on pages 16 to 34 form part of these financial statements.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Dinnages Garages Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 22 Wivelsfield Road, Haywards Heath, West Sussex, RH16 4EQ.

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 accounts are presented in Sterling (£) and are rounded to £000's.

The Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

No changes arose on adoption of the triennial review for the Company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement 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 to present a cash flow statement and related notes
- Financial instrument disclosures including:
 - categories of financial instruments; and
 - items of income, expenses, gains and losses relating to financial instruments;
- The requirements of section 33: Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Dinnages Holdings Limited (parent company) as at 31 December 2019 and these financial statements may be obtained from Companies House of United Kingdom.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report.

The financial position of the Company, including borrowing facilities, are detailed in the financial statements.

The Company meets its day to day working capital requirements through a positive cash balance and has agreed borrowing facilities. The cash balance at the year end and post year end has remained strong, in part due to the government support packages offered through the COVID-19 pandemic.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate with the level of its current facilities.

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

2.4 Cash flow

The Company, being a subsidiary where the parent of the group prepares consolidated financial statements and the financial statements are publicly available, is exempt from the requirement to prepare a cash flow statement in accordance with FRS 102 1.8 - 12.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.5 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.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

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 the statement of income and retained earnings during the period in which they are incurred.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.6 Tangible fixed assets (continued)**

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.

Depreciation is provided on the following basis:

Leasehold property	- Straight line over the period of the lease
Plant & machinery	- 7.5% - 33% per annum straight line

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 Income and Retained Earnings.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

2.8 Investment property

Investment property is carried at fair value assessed annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each Statement of Financial Position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less cost to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

Consignment stocks have been included within stocks in the Statement of Financial Position on the grounds that the Company considerably bears the risks and rewards of ownership attached to these vehicles. As such, the consignment stocks are considered to be under the control of the Company.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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 accounts receivable and payable, 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 payables or receivables, 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured at cost less impairment.

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 Income and Retained Earnings.

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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Statement of Financial Position date.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 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.

2.15 Finance costs

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

2.16 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 Income and Retained Earnings 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.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.18 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.20 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 Income and Retained Earnings 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.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Useful economic life of fixed assets - note 13
Investment property fair values - note 15
Treatment of consignment stock - note 16
Valuation of used vehicles - note 16

DINNAGES GARAGES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****4. Turnover**

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

	2019 £000	2018 £000
Vehicle sales	48,568	51,816
Provision of services	8,890	7,827
	<u>57,458</u>	<u>59,643</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £000	2018 £000
Net rents receivable	<u>129</u>	<u>146</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	167	147
Other operating lease rentals	<u>525</u>	<u>524</u>

7. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>25</u>	<u>18</u>

Fees payable to the Company's auditor and its associates in respect of:

Other services relating to taxation and compliance	10	7
All other services	4	3
	<u>14</u>	<u>10</u>

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£000	£000
Wages and salaries	3,543	4,495
Social security costs	333	345
Cost of defined contribution scheme	50	42
	3,926	4,882

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

	2019	2018
	No.	No.
Workshop staff	88	91
Selling staff	39	40
Administrative staff	11	11
	138	142

9. Directors' remuneration

	2019	2018
	£000	£000
Directors' emoluments	46	40
Company contributions to defined contribution pension schemes	30	36
	76	76

During the year retirement benefits were accruing to 3 directors (2018: 3) in respect of defined contribution pension schemes.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Interest receivable

	2019	2018
	£000	£000
Other interest receivable	20	86
	<u>20</u>	<u>86</u>

11. Interest payable and similar expenses

	2019	2018
	£000	£000
Other interest payable	123	105
	<u>123</u>	<u>105</u>

12. Taxation

	2019	2018
	£000	£000
Corporation tax		
Current tax on profits for the year	67	3
Total current tax	<u>67</u>	<u>3</u>
Deferred tax		
Adjustments in respect of prior periods	42	25
Total deferred tax	<u>42</u>	<u>25</u>
Taxation on profit on ordinary activities	<u>109</u>	<u>28</u>

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	356	89
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	68	17
Effects of:		
Fixed asset differences	15	16
Expenses not deductible for tax purposes	2	-
Adjustments to tax charge in respect of prior periods	-	(30)
Adjustments to tax charge in respect of previous periods - deferred tax	1	25
Timing differences not recognised in the computation	54	-
Adjust closing deferred tax to average rate of 19%	(21)	(16)
Adjust opening deferred tax to average rate of 19%	16	16
Other differences leading to an increase (decrease) in the tax charge	(26)	-
Total tax charge for the year	109	28

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets

	Leasehold property £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2019	1,806	1,381	3,187
Additions	-	8	8
At 31 December 2019	1,806	1,389	3,195
Depreciation			
At 1 January 2019	414	1,129	1,543
Charge for the year on owned assets	80	87	167
At 31 December 2019	494	1,216	1,710
Net book value			
At 31 December 2019	1,312	173	1,485
At 31 December 2018	1,392	252	1,644

14. Fixed asset investments

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost			
At 1 January 2019	13	10	23
At 31 December 2019	13	10	23

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Fixed asset investments (continued)**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
B W & B (Park Garages) Limited	176 London Road, Burgess Hill, West Sussex, RH15 8LS	Dormant company	Ordinary shares	99.9%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
B W & B (Park Garages) Limited	799	-

15. Investment property

	Freehold investment property £000
Valuation	
At 1 January 2019	340
Surplus on revaluation	284
At 31 December 2019	624

The 2019 valuations were made by the directors, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £000	2018 £000
Historic cost	127	127

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Stocks

	2019 £000	2018 £000
Parts for resale	444	531
Vehicles for resale	12,713	12,207
	<u>13,157</u>	<u>12,738</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

	2019 £000	2018 £000
Trade debtors	927	1,180
Amounts owed by group undertakings	900	794
Other debtors	33	39
Prepayments and accrued income	199	197
	<u>2,059</u>	<u>2,210</u>

18. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	<u>3,365</u>	<u>3,026</u>

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Related party loans	3,189	3,111
Trade creditors	12,838	12,106
Amounts owed to group undertakings	-	537
Corporation tax	68	33
Other taxation and social security	102	184
Other creditors	45	84
Accruals and deferred income	423	167
	16,665	16,222

The amount owed to group undertakings is repayable on demand and does not bear interest.

The directors' and related party loans have no formal repayment terms and interest is charged at 3% above bank base rate.

Other related party loans comprise loans from family members of the Broyd family. The total interest charged on the directors' and related party loans for the year was £106,500 (2018: £105,000).

The company has entered into a guarantee in respect of bank overdrafts and other facilities available. The security given represents a fixed and floating charge over certain assets. At the balance sheet date, these facilities were not being utilised (2018: £0).

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	2019	2018
	£000	£000
Share capital treated as debt	9	9

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

21. Deferred taxation

	2019	2018
	£000	£000
At beginning of year	(137)	(112)
Charged to the profit or loss	(42)	(25)
At end of year	(179)	(137)

The provision for deferred taxation is made up as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	(179)	(105)
Chargeable gains on investment property	-	(32)
	(179)	(137)

DINNAGES GARAGES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22. Share capital

	2019 £000	2018 £000
Shares classified as equity		
Allotted, called up and fully paid		
10,880 (2018 - 10,880) Ordinary shares shares of £1 each	11	11
	<u>11</u>	<u>11</u>
Shares classified as debt		
Allotted, called up and fully paid		
9,000 (2018 - 9,000) Preference shares shares of £1 each (see note 20)	9	9
	<u>9</u>	<u>9</u>

The preference shares are non-equity shares which carry a dividend at the rate of 6p net per share, per annum. Holders of preference shares have one vote for every share held on a resolution for the winding up of the Company or on a resolution affecting the rights attached to the shares. Preference shareholders have the right on a winding up to receive, in priority to any other class of shares, the sum of £1 per share together with any arrears of dividends.

23. Reserves

Capital redemption reserve

Relates to the repurchase of shares by the Company in prior periods.

Profit & loss account

Includes all current and prior period retained profits and losses.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £50,000 (2018: £42,000). Contributions totalling £13,500 (2018: £8,500) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

The Company had no commitments under the non-cancellable operating leases as at the reporting date.

DINNAGES GARAGES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****26. Related party transactions**

The following transactions occurred during the year between Dinnages Garages Limited and Carnforth, a separate business run by Mrs J Broyd.

	2019 £000	2018 £000
Service sales to Carnforth	21	34
Vehicle sales to Carnforth	156	-
	<u>177</u>	<u>34</u>

During the year the Company made payments amounting to £140,000 (2018: £140,000) to The Pavilion Trust in respect of rent. M E and J Broyd are Trustees of this Trust and D J, J C W and A E Broyd are beneficiaries.

During the year the Company made payments amounting to £65,000 (2018: £65,000) to The Broyd Family Trust in respect of rent. M E and J Broyd are Trustees of this Trust and D J, J C W and A E Broyd are beneficiaries.

During the year the Company also made payments amounting to £15,000 (2018: £12,000) to the Dinnages Executive Pension Scheme in respect of rent. D J Broyd, A E Broyd and J C W Broyd are members of the pension scheme and during the year made contribution of £30,000.

During 2019 two directors bought four cars, the value of £48,245 (2018: £112,894), from the Company.

Dinnages Garages Limited provided two loans to Beacon Heights Developments Limited, a subsidiary of Dinnages Holdings Limited. The initial loan of £712,500 was interest free and the additional loan of £3,620,000 attracted interest at 3% over base. The full balance due to the Company, including interest receivable, was re-paid before the year end (2018: £88,000 repaid).

The Company provided a loan to Elm Court (Seaford) Limited, a subsidiary of Dinnages Holdings Limited. The amount outstanding at year end, including interest receivable, was £45,000 (2018: £793,132).

	2019 £	2018 £
Amounts owed from group undertakings at balance sheet date	<u>45,000</u>	<u>793,132</u>

As a wholly owned subsidiary the Company is exempt from the requirements of FRS 102 Para 33.4 to disclose related party transactions with other members of the Group headed by Dinnages Holdings Limited on the grounds that those accounts are publicly available from Companies House.

DINNAGES GARAGES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

27. Post balance sheet events

Dinnages ended its agreement with Volvo Cars in March 2020. This business was closed on 20 March 2020, just prior to the initial COVID-19 lockdown announcement on 23 March 2020. Work commenced immediately on a re-shape of the showrooms at Worthing and the result is such that our Transit Centre has moved from Brighton to a new six vehicle facility for this franchise, thus securing Fords approval for the long term. Building works were completed in order that the team were able to re-start post lockdown in June in the new showroom.

COVID-19 has clearly ensured a challenging year for 2020, both operationally and financially. Support from the government and local authorities in the form of Furlough and Business Rate relief has helped considerably. As a consequence of closing the business at Burgess Hill during the initial lockdown period the decision has been taken not to re-open. There has been a long held belief that this would prove to be a positive move for Dinnages. The Haywards Heath and Burgess Hill business's are less than ten minutes travel time apart. So far indications are very good.

The Brexit transition agreement was agreed and enacted from 31 January 2020 confirming that the UK would leave the EU, although at the time the terms of the withdrawal were not known. Subsequently, the directors are still assessing the impact of the recently agreed Brexit trade agreement, however, the indications of this deal is that there will be limited changes from the current arrangements and as such the directors are much more positive than a year ago.

28. Ultimate parent undertaking and controlling party

The ultimate and immediate parent undertaking is Dinnages Holdings Limited, a company incorporated in England and Wales which holds 100% of the issued share capital of the Company.

Dinnages Holdings Limited is also a parent company of the smallest and largest group for which group accounts are prepared. Copies of the group financial statements of Dinnages Holdings Limited are available from 22 Wivelsfield Road, Haywards Heath, West Sussex, RH16 4EQ.

In the opinion of the directors there is no overall controlling party.