

**Sandown Dorset and Wiltshire  
Limited**

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 02866474



# **Sandown Dorset and Wiltshire Limited**

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## **Company Information**

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<b>Directors</b>	G A McAllister G R Copling
<b>Company secretary</b>	G R Copling
<b>Registered number</b>	02866474
<b>Registered office</b>	1 Holes Bay Road Poole Dorset BH15 2BD
<b>Independent auditor</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

# Sandown Dorset and Wiltshire Limited

## Strategic Report For the Year Ended 31 December 2021

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

### Principal activities, review of business and future developments

The principal activity of the company is the operation of franchised motor dealerships.

There have been no changes to the company's principal activity in the year under review.

The 2021 result shows improved profitability, in what was a challenging year for the motor industry still impacted by Covid-19 pandemic restrictions, coupled with new car supply issues and changes to vehicle service intervals. Despite these challenges the company benefited from a strong used car market which saw book values increase throughout the year and increased customer demand for new and used vehicles due to maturity of finance contracts.

Comparison with prior year results continue to be difficult especially in relation to vehicle sales volumes and turnover which both influence the profitability of the company.

The overall gross profit margin has increased from 15.6% to 17.2% reflecting the improved used car margins and the operating profit margin has increased from 0.9% to 2.8%. The Directors continue to focus on margin control in all areas of the business.

It is the directors' policy to continue to support the goals and aspirations of the franchise partner with whom the company continues to have an extremely good working relationship.

The Directors believe the business is well placed to manage any further opportunities and challenges ahead.

### Review of financial position

The results for the year and the financial position at the year end were considered satisfactory by the directors.

The company has net current assets of £11.5m (2020 - £9.8m).

Net assets have increased to £12.2 (2020 - £10.6m).

### Key performance indicators

We consider that the key financial performance indicators of the company are as follows:

	2021	2020	Method of calculation
Return on sales (%)	2.6	0.6	Profit before tax divided by turnover
Gross margin (%)	17.2	15.6	Gross operating profit divided by turnover
Operating profit (%)	2.8	0.9	Operating profit divided by turnover
Return on capital employed (%)	17.1	5.4	Operating profit divided by capital employed

These financial KPI's are deemed satisfactory by the directors, the low return on sales percentage being indicative of the motor industry.

The directors also monitor non financial key performance indicators which include:

- Customer satisfaction, as monitored by independent third parties
- Employee turnover and absence

# **Sandown Dorset and Wiltshire Limited**

## **Strategic Report (continued) For the Year Ended 31 December 2021**

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### **Principal risks and uncertainties**

The management of the business and the execution of the company strategy are subject to a number of risks. These risks are reviewed by the directors and where appropriate, monitored and mitigated by suitable processes. The main risks identified by the Board are as follows:

#### **Competitive market risk**

The motor industry is highly competitive market which has seen significant consolidation in recent years. In addition to this, the market includes a number of internet based operators and independent aftersales businesses from small garages to national fast fit operators. By ensuring that we provide the best quality of service at competitive price, we believe that we can compete effectively in the market place.

#### **UK Economy**

The new and used car markets are influenced by the general economic conditions. Factors which affect our business include interest rates, fuel and utility costs, direct and indirect taxation, carbon emission charges, supply chain issues, global market instability and other factors that may influence consumer confidence. We believe that our business model of new and used vehicles sales and aftersales offerings mitigate these risks as a fall in new sales can to some extent be substituted by increased used and aftersales performance.

#### **Legislation**

Our business is affected by Government legislation in a number of areas. Changes in Government policy on interest rates, vehicle emissions, congestion charges, taxation policy and increased regulation by the FCA could all have a material impact.

#### **Financial risk management objective and policies**

Our principal financial instruments are cash and items such as debtors and trade creditors that arise directly from our operations. The main purpose of these financial instruments is to finance our operations. We are not exposed to currency risk as all our financial instruments are denominated in sterling. We limit exposure to credit risk as in the majority of transactions with customers, the goods are not released until payment has been received in full. Where credit is provided to trade customers, credit limits are set based on payment history and third party references. These limits are reviewed regularly by the directors.

#### **Interest rate risk**

The only significant exposure to interest rate risk relates to vehicle financing which is linked to finance house base rates and bank loans which are linked to SONIA. The directors closely monitor these rates.

#### **Coronavirus**

Whilst the effects from Coronavirus are greatly reduced compared to 2020 the directors are still mindful that the pandemic is ongoing. The directors support an awareness of this fact around the business and continue to promote and utilise the advice of Public Health England, The Health and Safety Executive and the CIPD.

## Sandown Dorset and Wiltshire Limited

### Strategic Report (continued) For the Year Ended 31 December 2021

#### Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the company's employees, customers, franchise partner and other stakeholders, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the company in the long term. We explain in this Annual Report and Financial Statements, and below, how the Board engages with stakeholders.

- The Directors meet on a regular basis. This enables the directors to fully understand the performance and position of the company when making decisions of strategic importance.
- The Board aim to attract and retain high-quality employees, providing them with the right tools, development, and information to be effective in their roles.
- The Board aims to work alongside our franchise partner and suppliers to foster close working relationships.
- The company engages with investors in the company giving them a full understanding of the business including the strategy, growth potential and risks in the business as well as the overall performance of the business.

The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and Impact
Continued impact on the business of the Pandemic	Employees, Stakeholders and Customers	<ul style="list-style-type: none"><li>• Regular communications with staff and ensuring their wellbeing was of utmost importance.</li><li>• The Company utilised the government furlough scheme to ensure jobs were protected.</li><li>• The company ensured our engagement with customers was COVID compliant.</li></ul>
Agency agreement for New car sales	Stakeholders and Customers	<ul style="list-style-type: none"><li>• Decision made to sign up to Agency agreement from 2023.</li><li>• Key personnel within the Sandown group participating in workshops to support the implementation.</li></ul>

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



**G A McAllister**  
Director

Date: 23/06/2022.

# **Sandown Dorset and Wiltshire Limited**

## **Directors' Report For the Year Ended 31 December 2021**

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The directors present their report together with the audited financial statements for the year ended 31 December 2021.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,558,000 (2020 - £313,000).

The directors do not recommend the payment of a dividend.

### **Directors**

The directors who served during the year were:

G A McAllister  
G R Copling

### **Statement of Directors' Responsibilities**

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). 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 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; and
- 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.

### **Future developments**

Information on the likely future developments in the business of the company has been included in the strategic report on page 1.

### **Post balance sheet events**

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

## **Sandown Dorset and Wiltshire Limited**

### **Directors' Report (continued) For the Year Ended 31 December 2021**

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#### **Disclosure of information to auditor**

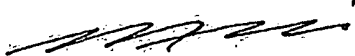
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

#### **Auditor**

The auditor, BDO 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.



**G A McAllister**  
Director

Date: 23/06/2022

# **Sandown Dorset and Wiltshire Limited**

## **Independent Auditor's Report to the Member of Sandown Dorset and Wiltshire Limited**

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### **Opinion on the 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 2021 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.

We have audited the financial statements of Sandown Dorset and Wiltshire Limited ("the company") for the year ended 31 December 2021 which comprise the statement of income and retained earnings, the balance sheet 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).

### **Basis for opinion on the financial statements**

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



# **Sandown Dorset and Wiltshire Limited**

## **Independent Auditor's Report to the Member of Sandown Dorset and Wiltshire Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

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.

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.

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**

As explained more fully in the statement of directors' responsibilities, 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.

## **Sandown Dorset and Wiltshire Limited**

### **Independent Auditor's Report to the Member of Sandown Dorset and Wiltshire Limited (continued)**

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#### **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.

#### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risks were related to the posting of inappropriate journal entries, to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

#### **Procedures performed by the audit team included:**

- discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- evaluation of controls designed to prevent and detect irregularities;
- assessing journal entries as part of our planned audit approach.

As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Sandown Dorset and Wiltshire Limited

### Independent Auditor's Report to the Member of Sandown Dorset and Wiltshire Limited (continued)

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#### 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.

DocuSigned by:

*Malcolm Thixton*

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**Malcolm Thixton** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton  
United Kingdom  
Date: 23 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Sandown Dorset and Wiltshire Limited

### Statement of Income and Retained Earnings For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	74,662	65,177
Cost of sales		(61,795)	(54,999)
<b>Gross profit</b>		<b>12,867</b>	<b>10,178</b>
Administrative expenses		(10,974)	(10,515)
Other operating income	5	194	914
<b>Operating profit</b>	6	<b>2,087</b>	<b>577</b>
Interest payable and similar expenses	10	(130)	(197)
<b>Profit before tax</b>		<b>1,957</b>	<b>380</b>
Tax on profit	11	(399)	(67)
<b>Profit after tax</b>		<b>1,558</b>	<b>313</b>
Retained earnings at the beginning of the year		9,017	8,704
Profit for the year		1,558	313
<b>Retained earnings at the end of the year</b>		<b>10,575</b>	<b>9,017</b>

The notes on pages 12 to 24 form part of these financial statements.

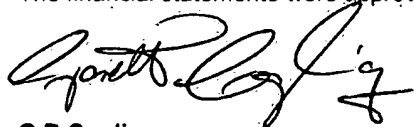
# Sandown Dorset and Wiltshire Limited

Registered number: 02866474

## Balance Sheet As at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>					
Tangible assets	13		758		915
<b>Current assets</b>					
Stocks	14	10,880		11,529	
Debtors: amounts falling due within one year	15	27,096		22,290	
Cash at bank and in hand		2,380		2	
		<u>40,356</u>		<u>33,821</u>	
Creditors: amounts falling due within one year	16	(28,866)		(24,014)	
<b>Net current assets</b>			<u>11,490</u>		<u>9,807</u>
<b>Total assets less current liabilities</b>			<u>12,248</u>		<u>10,722</u>
Creditors: amounts falling due after more than one year	17		-		(27)
<b>Provisions for liabilities</b>					
Deferred tax	18		(77)		(82)
<b>Net assets</b>			<u>12,171</u>		<u>10,613</u>
<b>Capital and reserves</b>					
Called up share capital	19		1,596		1,596
Profit and loss account	20		10,575		9,017
<b>Total equity</b>			<u>12,171</u>		<u>10,613</u>

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



**G R Copling**  
Director

Date: 23/06/2022

The notes on pages 12 to 24 form part of these financial statements.

# **Sandown Dorset and Wiltshire Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2021**

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### **1. General information**

Sandown Dorset and Wiltshire Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

### **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 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 of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 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 Sandown Motors Limited as at 31 December 2021 and these financial statements may be obtained from the registered address of the company.

#### **2.3 Going concern**

The financial statements have been prepared on a going concern basis which the directors consider appropriate for the reasons set out below.

The directors have considered the going concern basis and have undertaken a detailed review of trading and cash flow forecasts for the period to 30 June 2023 and are satisfied that the business' forecast performance supports this basis. In preparing these forecasts, the directors have considered market data, undertaken sensitivity analysis and that there is sufficient headroom built in to support the going concern basis.

All bank covenants were achieved for 2021 and the covenants associated with the bank loans are forecast to be achieved with a level of headroom which would allow for significant reduction in vehicle sales over and above the SMMT UK national market forecasts.

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.3 Going concern (continued)

The directors have also considered the group's working capital requirements and the group's financial modelling indicates that these will be adequately met through the business' cash reserves, stocking loans and bank overdraft. In December 2021, NatWest renewed the group's overdraft facility which provides robust working capital support throughout the year and the directors expect this facility to be renewed at its next review date in December 2022.

In summary, based on the group's cash reserves, bank financing arrangements and available working capital management support, the directors expect that the group has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of approval of these Financial Statements. As a result, the directors continue to adopt the going concern basis in preparing these Financial Statements.

#### 2.4 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment or delivery to the customer. Service work is recognised on the completion of the agreed work.

#### 2.5 Intangible assets

Goodwill arising on an acquisition of a trade is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the statement of income and retained earnings over the directors' estimate of its useful economic life of 7 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### 2.6 Tangible fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property	-	over the life of the lease
Plant and machinery	-	15% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	15% - 33% straight line

#### 2.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Where the nature of the agreement with the franchise partner confers the benefit and associated risk of ownership to the company on consignment, such stocks and the corresponding creditor are included on the balance sheet although legal title remains with the supplier until sold. Parts stock is shown at weighted average purchase price paid. Provision is made for obsolete, slow moving or defective items where appropriate.

#### 2.8 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.

# **Sandown Dorset and Wiltshire Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2021**

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### **2. Accounting policies (continued)**

#### **2.9 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 and loans to related parties.

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.

#### **2.10 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.

#### **2.11 Financial liability and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### **2.12 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.

#### **2.13 Leased assets**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

#### **2.14 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 balance sheet. The assets of the plan are held separately from the company in independently administered funds.



# **Sandown Dorset and Wiltshire Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2021**

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### **2. Accounting policies (continued)**

#### **2.15 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 balance sheet 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 balance sheet 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 balance sheet date.

#### **2.16 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of income and retained earnings in the same period as the related expenditure.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The directors have made the following critical estimates and judgements deemed to be applicable to the financial statements:

#### **Stocks**

Consideration has been given by the directors to the level of provision against vehicle stocks. In determining the provision required the directors have used guidance from independent valuation tools and their knowledge of the industry.

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 4. Turnover

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

	2021 £000	2020 £000
Vehicles	62,770	56,608
Aftersales	11,892	8,569
	<u>74,662</u>	<u>65,177</u>

All turnover arose within the United Kingdom.

### 5. Other operating income

	2021 £000	2020 £000
Other operating income	194	914

The UK government on 20 March 2020 announced the introduction of the Coronavirus Job Retention Scheme as part of a comprehensive set of grants offered to companies to ensure continued business continuity. The company received grants totalling £194,000 (2020 - £914,000).

### 6. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	236	233
Operating lease expense	1,046	1,045
Defined contribution pension cost	160	144

### 7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	19	19
<b>Fees payable to the company's auditor in respect of:</b>		
Tax compliance services	-	3
All other services	2	2

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 8. Employees

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

	2021 £000	2020 £000
Wages and salaries	5,922	5,864
Social security costs	648	522
Cost of defined contribution scheme	160	144
	<u>6,730</u>	<u>6,530</u>

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

	2021 No.	2020 No.
Selling and distribution	134	148
Administration	59	64
	<u>193</u>	<u>212</u>

### 9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	356	313
Company contributions to defined contribution pension schemes	16	16
	<u>372</u>	<u>329</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £298,000 (2020 - £249,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,000 (2020 - £11,000).

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 10. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	2	-
Other loan interest payable	128	194
Finance leases and hire purchase contracts	-	3
	<u>130</u>	<u>197</u>

### 11. Taxation

	2021 £000	2020 £000
<b>Corporation tax</b>		
Current tax on profits for the year	389	66
Adjustments in respect of previous periods	14	(10)
Group relief	1	-
<b>Total current tax</b>	<u>404</u>	<u>56</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(30)	2
Changes to tax rates	25	9
<b>Total deferred tax</b>	<u>(5)</u>	<u>11</u>
<b>Taxation on profit on ordinary activities</b>	<u>399</u>	<u>67</u>

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	1,957	380
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	373	72
Effects of:		
Expenses not deductible for tax purposes	17	(4)
Adjustments to tax charge in respect of prior periods	14	(10)
Change in tax rates	(5)	9
<b>Total tax charge for the year</b>	<b>399</b>	<b>67</b>

#### Factors that may affect future tax charges

Increase in the UK Corporation tax rate from 19% to 25% (25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax liability at the statement of financial position date has been calculated using the applicable rate when the liability is expected to be realised.

### 12. Intangible assets

	Goodwill £000
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	1,067
<b>Amortisation</b>	
At 1 January 2021 and 31 December 2021	1,067
<b>Net book value</b>	
At 31 December 2020 and 31 December 2021	-

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 13. Tangible fixed assets

	Leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2021	854	823	17	2,265	3,959
Additions	2	30	-	47	79
Disposals	-	-	(15)	-	(15)
At 31 December 2021	<u>856</u>	<u>853</u>	<u>2</u>	<u>2,312</u>	<u>4,023</u>
<b>Depreciation</b>					
At 1 January 2021	315	755	17	1,957	3,044
Charge for the year	72	20	-	144	236
Disposals	-	-	(15)	-	(15)
At 31 December 2021	<u>387</u>	<u>775</u>	<u>2</u>	<u>2,101</u>	<u>3,265</u>
<b>Net book value</b>					
At 31 December 2021	<u>469</u>	<u>78</u>	<u>-</u>	<u>211</u>	<u>758</u>
At 31 December 2020	<u>539</u>	<u>68</u>	<u>-</u>	<u>308</u>	<u>915</u>

All leasehold land and buildings are considered to be short leasehold.

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

	2021 £000	2020 £000
Land and buildings	<u>94</u>	<u>105</u>

### 14. Stocks

	2021 £000	2020 £000
Work in progress	108	37
Finished goods and goods for resale	10,772	11,492
	<u>10,880</u>	<u>11,529</u>

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 14. Stocks (continued)

Vehicle depreciation and parts stock obsolescence totalling £507,000 (2020 - £520,000) was recognised in cost of sales and administrative expenses during the year.

#### Consignment stock

Vehicles on consignment from the franchise partner incurring interest are included on the balance sheet because the nature of the agreement confers substantially all of the benefit and associated risk of ownership to the company.

In the opinion of the directors, there is no material difference between the replacement cost of stocks and the amounts stated above.

### 15. Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	546	407
Amounts owed by group undertakings	25,176	20,191
Other debtors	153	126
Prepayments and accrued income	1,221	1,566
	<u>27,096</u>	<u>22,290</u>

### 16. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	-	2,914
Other loans	14,189	7,017
Trade creditors	1,959	1,243
Amounts owed to group undertakings	10,145	8,728
Corporation tax	59	17
Other taxation and social security	167	159
Obligations under finance lease and hire purchase contracts	29	29
Other creditors	1,175	2,990
Accruals and deferred income	1,143	917
	<u>28,866</u>	<u>24,014</u>

# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 16. Creditors: amounts falling due within one year (continued)

The bank overdraft is secured by an inter-company guarantee with all group companies and a debenture over all the assets of the company.

Vehicle stocking loans are secured against the relevant assets concerned.

Finance for deposits on consignment stock are secured against the relevant assets concerned.

The net obligations under hire purchase contracts are secured against each individual asset concerned.

### 17. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Net obligations under finance leases and hire purchase contracts	-	27

### 18. Deferred taxation

	2021 £000	2020 £000
At beginning of year	82	71
Credited to the profit or loss	(5)	11
<b>At end of year</b>	<b>77</b>	<b>82</b>

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	77	82

### 19. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
1,596,077 (2020 - 1,596,077) ordinary shares of £1	1,596	1,596



# Sandown Dorset and Wiltshire Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 20. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid.

### 21. Contingent liabilities

The company has given an unlimited guarantee dated 3 September 2014 in favour of its banking facilities to Sandown Motors Limited and its fellow subsidiaries.

### 22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £160,000 (2020 - £144,000). There were outstanding contributions totalling £Nil (2020 - £5,000) at the end of the financial year.

### 23. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	1,043	1,024
Later than 1 year and not later than 5 years	3,764	3,859
Later than 5 years	3,715	4,643
	<u>8,522</u>	<u>9,526</u>

# **Sandown Dorset and Wiltshire Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2021**

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### **24. Related party transactions**

The company is a wholly owned subsidiary of Jacksons Investments Limited and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with Jacksons Investments Limited or other wholly owned subsidiaries within the group.

At the year end the amount owed by related companies totalled £14,758,000 (2020 - £9,777,000) and the amount owed to related companies totalled £10,145,000 (2020 - £8,728,000).

These companies are under common control.

As disclosed in note 21 the company has given an unlimited guarantee Sandown Motors Limited and its subsidiaries. The total outstanding debt at 31 December 2021 for the group was £18,527,000 (2020 - £9,953,000).

### **25. Post balance sheet events**

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

### **26. Controlling party**

The immediate controlling party and parent undertaking is Jacksons Investments Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is Osiris International Trustees Limited, a company incorporated in The British Virgin Islands.

The largest group in which the results of the company are consolidated is that headed by Selanac Holdings Limited, incorporated in Cyprus. The address of Selanac Holdings Limited's registered office is 152 Fragklinou Rousvelt, Limassol, 3045, Cyprus. The smallest group in which they are consolidated is that headed by Sandown Motors Limited, incorporated in England and Wales. The address of Sandown Motors Limited's registered office is Holes Bay Road, Poole, Dorset, BH15 2BD. No other group accounts include the results of the company.