

Company registration number: 00336727

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2018

HWM LIMITED

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HWM LIMITED

COMPANY INFORMATION

Directors	M P Harting N A Harting G Jenner N A Hayfield
Company secretary	N A Harting
Registered number	00336727
Registered office	Bridge Motor Works New Zealand Avenue Walton on Thames Surrey KT12 1AT
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Bankers	Barclays Bank plc Ranger House Walnut Tree Close Guildford Surrey GU1 4UL
Solicitors	Cheyney Goulding LLP Ward House 6 Ward Street Guildford Surrey GU1 4LH

HWM LIMITED

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HWM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

After a very pleasing 2017 HWM backed this up with a strong performance in 2018. Our new Aston Martin sales benefitted from continued good levels of DB11 sales although at anticipated reduced margins. New Vantage product sales showed positive results both in terms of volume and margin during the second half of the year. Another area of sustained performance continuing from 2017 was our ability to sell limited production vehicles which at high value resulted in higher than usual retained margins. HWM finished 2018 placing 2nd in global Aston Martin Dealer sales rankings. Our preowned sales whilst matching volume didn't match margin expectations. However through a steady process of freshening up our stock portfolio whilst reacting to market conditions we believe we have made and can continue to make developments in this area in 2019.

Our after sales business continued to provide good results from high customer service levels and retaining existing relationships. The profitable results matched expectation even with an increase in its cost base.

2018 exceeded our financial plans and further strengthened our 2017 results. Our strategy aim of delivering excellent service levels whilst retaining margin will continue. Our online presence is ever growing allowing our brand and reputation to spread further.

At 31 December 2018 the net current assets in the balance sheet had increased to £2,153,462 from £1,562,851 in the previous year. Also there is a very strong cash position at 31 December 2018.

Principal risks and uncertainties

The most common business topic currently is Brexit and the uncertainty surrounding it. Our franchise manufacturer (Aston Martin) has a direct relationship with the EU as do our customers, through their own financial portfolios. Our business must mitigate any uncertainty by understanding customers' requirements, providing suitable solutions, using strong and competitive pricing, analysing costs and promoting areas of growth. Should the uncertainty partly fuel a falling exchange rate this could result in increased parts sales to the EU although higher tariffs on export could lower margins.

Key performance indicators

Our business measures performance using many key indicators throughout each department. The headline business KPIs are:

	2018	2017
Turnover	£36,952,229	£34,738,090
Gross Profit %	6.2%	5.3%
Operating profit	£1,049,247	£977,438
After Sales CSI Score	8.3	8.4
Staff nos	36	37

These KPIs are reviewed on a regular basis to assess whether expectations are being met. An explanation of how the business has performed is given above in the Business Review.

Non-financial KPIs whilst useful to large enterprises are deemed to be unnecessary for our current size and nature of business. We believe that the future prospects, development and position of the business is best determined and understood currently without these.

HWM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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


N A Harting
Director

Date: 24.8.19

HWM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £733,187 (2017 - £919,392).

Directors

The directors who served during the year were:

M P Harting
N A Harting
G Jenner
N A Hayfield (appointed 7 March 2018)

Going concern

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

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company's strategic information is included within a separate report on page 2 of the financial statements.

HWM LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditors

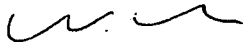
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

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

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



N A Harting
Director

Date: 24.3.19

Bridge Motor Works
New Zealand Avenue
Walton on Thames
Surrey
KT12 1AT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HWM LIMITED

Opinion

We have audited the financial statements of HWM Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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 Auditors' 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF HWM LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 Directors' Responsibilities Statement on page 3, 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.

Auditors' 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 Auditors' 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 Auditors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HWM
LIMITED (CONTINUED)**

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Janice Matthews FCA (Senior Statutory Auditor)
for and on behalf of

Menzies LLP
Chartered Accountants
Statutory Auditor
Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

Date: 30 August 2019

HWM LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	5	36,952,229	34,738,090
Cost Of Sales		(34,668,341)	(32,891,870)
Gross profit		2,283,888	1,846,220
Administrative expenses		(1,236,641)	(871,782)
Other operating income		2,000	3,000
Operating profit	6	1,049,247	977,438
Loss on disposal of investments		(99,997)	-
Interest receivable and similar income		320	-
Profit before tax		949,570	977,438
Tax on profit	10	(216,383)	(58,046)
Profit after tax		733,187	919,392
Retained earnings at the beginning of the year		1,356,718	437,326
		1,356,718	437,326
Profit for the year		733,187	919,392
Dividends declared and paid		(142,576)	-
Retained earnings at the end of the year		1,947,329	1,356,718

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

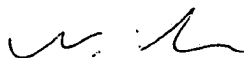
The notes on pages 10 to 20 form part of these financial statements.

HWM LIMITED
REGISTERED NUMBER:00336727

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	152,421	235,835
Investments	13	-	100,000
		<u>152,421</u>	<u>335,835</u>
Current assets			
Stocks	14	7,352,582	8,318,864
Debtors: amounts falling due within one year	15	3,896,413	4,181,596
Cash at bank and in hand		2,119,994	597,724
		<u>13,368,989</u>	<u>13,098,184</u>
Creditors: amounts falling due within one year	16	(11,367,948)	(11,871,168)
Net current assets		<u>2,001,041</u>	<u>1,227,016</u>
Total assets less current liabilities		<u>2,153,462</u>	<u>1,562,851</u>
Net assets		<u>2,153,462</u>	<u>1,562,851</u>
Capital and reserves			
Called up share capital	18	2,722	2,722
Share premium account	19	159,333	159,333
Capital redemption reserve	19	41,306	41,306
Other reserves	19	2,772	2,772
Profit and loss account	19	1,947,329	1,356,718
		<u>2,153,462</u>	<u>1,562,851</u>

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


N A Harting
 Director

Date: 29.8.19

The notes on pages 10 to 20 form part of these financial statements.

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Statement of compliance

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

2. Company information

HWM Limited is a company limited by shares which is incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed on the company information page.

3. Accounting policies

3.1 Basis of preparation

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

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

3.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

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

This information is included in the consolidated financial statements of Burwater Holdings Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

3.3 Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA state.

3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Sales of motor vehicles are recognised when substantially all of the risks and rewards of ownership have been transferred to the customer, generally deemed to be at the time of delivery.

Sales of parts and accessories are recognised on delivery to the customer.

Service and bodyshop work are recognised on the completion of the agreed work.

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.5 Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

3.6 Tangible assets

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

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	-	10%	straight line
Plant and machinery	-	20%	straight line
Motor vehicles	-	25%	straight line
Fixtures and fittings	-	25%	straight line
Equipment	-	30%	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.

3.7 Investments

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

3.8 Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

3.9 Defined contribution plans

The company participates in a defined contribution scheme coordinated by its holding company, Burwater Holdings Limited. Contributions paid are charged to the profit and loss account as incurred.

3.10 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3.12 Taxation

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

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

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

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

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

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

Stocks

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

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Turnover

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

	2018 £	2017 £
Sales of vehicles	30,972,524	28,556,898
Sales of parts	4,492,025	4,893,076
Services of vehicles	1,487,680	1,288,116
	<u>36,952,229</u>	<u>34,738,090</u>

All turnover arose within the United Kingdom.

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	115,165	137,697
Defined contribution pension cost	47,630	26,511
	<u>162,795</u>	<u>164,208</u>

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Staff costs

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

	2018 £	2017 £
Wages and salaries	1,331,897	1,129,989
Social security costs	140,434	117,288
Pension costs	47,630	26,151
	<u>1,519,961</u>	<u>1,273,428</u>

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

	2018 No.	2017 No.
Administrative staff	4	4
Number of operating staff	32	33
	<u>36</u>	<u>37</u>

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Directors' emoluments	<u>187,857</u>	<u>111,113</u>

During the year contributions were made to defined contribution schemes for 3 directors and amounted to £10,753.

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	212,898	58,046
Adjustments in respect of previous periods	3,485	-
Total current tax	216,383	58,046
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	216,383	58,046

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	949,570	977,438
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	180,418	188,157
Effects of:		
Expenses not deductible for tax purposes	19,054	233
Capital allowances for year in excess of depreciation	13,426	19,895
Utilisation of tax losses	-	(90,404)
Adjustments to tax charge in respect of prior periods	3,485	-
Group relief	-	(59,835)
Total tax charge for the year	216,383	58,046

11. Dividends

	2018 £	2017 £
Dividends paid	142,576	-

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Equipment £	Total £
Cost or valuation						
At 1 January 2018	1,554,267	151,455	58,570	147,491	143,802	2,055,585
Additions	-	8,299	-	-	23,452	31,751
Disposals	-	(6,256)	-	(25,241)	(47,384)	(78,881)
At 31 December 2018	1,554,267	153,498	58,570	122,250	119,870	2,008,455
Depreciation						
At 1 January 2018	1,363,027	135,650	58,570	141,507	120,996	1,819,750
Charge for the year on owned assets	81,873	9,380	-	4,450	19,462	115,165
Disposals	-	(6,256)	-	(25,241)	(47,384)	(78,881)
At 31 December 2018	1,444,900	138,774	58,570	120,716	93,074	1,856,034
Net book value						
At 31 December 2018	109,367	14,724	-	1,534	26,796	152,421
At 31 December 2017	191,240	15,805	-	5,984	22,806	235,835

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Investments

	Investments in subsidiary companies £
At 1 January 2018	100,000
Disposals	(100,000)
At 31 December 2018	-

14. Stocks

	2018 £	2017 £
Cars & Parts	7,352,582	8,318,864

The difference between purchase price or production cost and their replacement cost is not material. Stock recognised in cost of sales during the year as an expense was £33,138,066 (2017 - £31,563,356)

15. Debtors

	2018 £	2017 £
Trade debtors	433,726	193,544
Amounts owed by group undertakings	339,649	433,429
Other debtors	2,747,957	2,667,378
Prepayments and accrued income	168,723	86,240
Tax recoverable	206,358	801,005
	3,896,413	4,181,596

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	10,129,170	10,678,917
Amounts owed to group undertakings	653,314	874,478
Corporation tax	212,898	58,046
Other taxation and social security	43,542	42,966
Other creditors	174,809	120,967
Accruals and deferred income	154,215	95,794
	<u>11,367,948</u>	<u>11,871,168</u>

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £47,630 (2017 - £26,511).

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,361 (2017 - 1,361) Ordinary A shares of £1.00 each	1,361	1,361
1,361 (2017 - 1,361) Ordinary B shares of £1.00 each	1,361	1,361
	<hr/>	<hr/>
	2,722	2,722
	<hr/>	<hr/>

Dividend rights (amended on 8 February 2018)

The A shares shall receive the first £679,000 of dividends declared from and including the 8 February 2018 and the company shall not declare or pay any dividend to B shares unless and until the preferred dividend had been fully paid.

However, the company may declare or pay a dividend to B shares before the preferred dividend has been paid in full provided the company obtains the prior consent in writing of all holders of A shares.

Once the preferred dividend has been paid in full, any future dividend will be distributed among the holders of the ordinary shares *pari passu* as if they constituted shares of the same class.

Winding up rights

Upon liquidation or sale of the business, the proceeds shall be applied in the following order of priority:

- (a) First in paying to the holders of B shares an amount equal to £20,000
- (b) Second in paying to the holders of A shares an amount equal to £679,000
- (c) Thereafter, distribution of any remaining balance among the holders of the B Shares *pro rata* to the number of B shares held.

If there is a shortfall of funds to satisfy payments in full for (a) or (b) above the proceeds shall be distributed *pro rata* to the holders of those shares.

Voting rights

Both the ordinary A and ordinary B shares carry one voting right each.

19. Reserves

Share premium account

The share premium account records the amount above the nominal value received for shares issued.

Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

Other reserves

The other reserves relate to historical capital reserves.

Profit and loss account

The profit and loss account reserve records retained earnings and accumulated losses.

HWM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	20,628	20,628
	<u>20,628</u>	<u>20,628</u>

21. Related party transactions

During the year the company was charged £232,000 (2017 - £192,000) by its parent company, Burwater Holdings Limited. At the year end a balance of £653,314 (2017 - £874,478) was due to the holding company.

At the year end a balance of £339,649 (2017 - £433,429) was due from HWM Sports Cars Limited, a fellow subsidiary company.

No interest was charged on the intercompany loans.

During the year the company paid rent of £61,125 (2017 - £nil) to a family trust of which the beneficiaries are members of the directors families.

22. Ultimate parent company

The directors consider the ultimate parent undertaking to be Burwater Holdings Limited, a company which is registered in England and operates from the same registered address as HWM Limited.

The smallest and largest group of undertakings for which group accounts are drawn up are those headed by Burwater Holdings Limited. Copies of the group accounts are publicly available at Companies House.

23. Ultimate controlling party

The ultimate controlling party is considered to be Mr M P Harting by virtue of his controlling shareholding in Burwater Holdings Limited.