

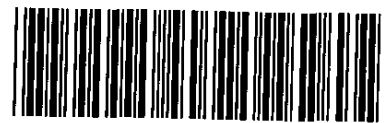
PARENT COMPANY OF MARANELLO CONCESSIONAIRES  
LTD (00655104) , SEE NOTE 11

**Sytner Group Limited**

Annual report and consolidated financial statements

For the year ended 31 December 2019

TUESDAY



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## Group Strategic report

### Principal activity and business review

The Group's principal activities are the retail of vehicles, their maintenance and repair and the supply of related parts and accessories.

The trading performance of the Group for the 2019 calendar year declined compared to the previous year, reflecting the economic uncertainty from the on-going Brexit process. Revenue reduced by 1% in comparison to the prior year to finish just under £6.0 billion (2018: £6 billion). The Group reported for 2019 an operating profit of £91.0 million (2018: £127.1 million) and a profit before tax of £71.8m million (2018: £113.3 million), both measures being somewhat lower than the prior year comparative.

In November 2019, the Group disposed of 4 Volkswagen dealerships in the North-West of England and SEAT Huddersfield.

In December 2019, the Group opened CarShop Bristol, its 10th large-scale used car supermarket.

In January 2020, the Group disposed of 4 Volkswagen dealerships, all based in Yorkshire.

The Group is committed to being recognised as 'the best company to work for' in our sector. The Group continue to make great progress against this objective and we recognise that unparalleled customer service can only be achieved by attracting, motivating and retaining the very best team members.

### Principal risks and uncertainties

Risk management remains a priority. We believe the key risk factors faced by the Group are as follows:

#### Key risk factors

· The Group operates franchised motor car dealerships. Without a franchise we would be unable to source new car stock or perform service warranty repairs. Although we do not depend on any single vehicle manufacturer, were any of the manufacturers we represent to suffer a business failure or significant reduction in sales this would have an adverse impact on our business.

· We believe our success depends to a large extent upon the effort and abilities of senior management and key employees. Further, our business is dependant upon our ability to continue to attract and retain skilled personnel.

· We have a substantial amount of bank loans and stocking loans primarily with interest rates linked to the prevailing base rate. We do not undertake significant active hedging of this risk. As a result, the Group's interest cost is affected by moving base rates.

#### Mitigating controls

· *Maintain existing relationships with manufacturers*  
· *Diverse manufacturer representation avoiding over dependence on any single manufacturer*  
· *Develop and maintain revenue from used vehicles sales and aftersales*

· *Investment in brand presence to enable us to attract the right quality candidates*  
· *We review and adapt for market conditions in relation to pay and employment terms*  
· *Provision of training and encouraging progression within the Group*  
· *Develop good working relations by the use of clear channels of communication*

· *Daily monitoring of funding requirements and review by management of the most appropriate forms of finance*

## Group Strategic report (continued)

### Principal risks and uncertainties (continued)

#### Key risk factors

· We believe that the motor retail industry is influenced by general economic conditions and particularly by consumer confidence, the level of personal discretionary spending, interest rates, fuel prices, weather conditions, unemployment rates and credit availability. It is likely that adverse economic conditions for a sustained period would have an adverse impact on the profitability of the Group.

· A number of regulations affect our business of selling, financing and servicing cars, such as those set out by the Financial Conduct Authority. Non-compliance can lead to fines or suspension from selling finance or general insurance products.

· The motor retail industry is highly competitive. We compete with other franchised motor dealerships, private buyers and sellers, internet brokers and independent service and repair shops. In addition, certain motor manufacturers have directly entered the retail market. Some of our competitors may have greater financial resources and lower overheads and sales costs than us.

· Our business relies on the uninterrupted operation of our information technology systems. We have put in place various contingency and recovery plans in order to mitigate the impact of any system failures, albeit it can never be certain that such plans will cover every possibility.

· The UK left the European Union ("Brexit") in January 2020. The future terms of the UK's relationship with the EU remains uncertain, including, among other things, the terms of trade between the UK and the EU. The effects of Brexit will depend on any agreements the UK makes to retain access to EU markets either during a transitional period or more permanently. Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial markets and foreign exchange markets, including volatility in the value of the Pound and the Euro. More specifically, it could lead to increased retail prices in the UK as the majority of new vehicles sold in the UK are imported from other countries in Europe and may be subject to additional tax or subject to breakdowns in the supply chain of automotive retailers and manufacturers which could delay delivery of vehicles or parts.

#### Mitigating controls

· *Our scale and expertise enable flexible response to market changes*  
· *Detailed review of trading for each business is carried out by management to optimise performance*

· *Significant investment in controls and monitoring to ensure compliance*

· *Continually seek to improve methods of customer interaction, particularly with regards to our online presence.*  
· *Monitor our manufacturer and third party customer service measures and take action as required*

· *Continue to review and develop our disaster recovery processes*

· *Ensure we have available the right level of expertise to interpret and assess any changes in regulations or in our policies and procedures*  
· *Use our expertise in the used car market to monitor market trends and adjust accordingly*  
· *Retain open channels of communication with our franchise partners.*

## Group Strategic report (continued)

### Principal risks and uncertainties (continued)

#### Key risk factors

In March 2020, the World Health Organisation described the global spread of the new Coronavirus (or COVID-19) as a pandemic. On 23 March 2020, the UK Prime Minister announced that the UK would enter a period of lockdown advising the public to stay at home and only leave home if they have a reasonable cause. The government instructions also required the closure of all retail outlets selling non-essential goods and as such the majority of the Company's trade was halted with immediate effect, although the Company kept a number of workshops open to support key workers. The full impact that COVID-19 will have on the Company cannot be predicted at this time due to numerous uncertainties including the duration of the outbreak, the effectiveness of measures taken to contain the disease, the effect of the government assistance measures and other unintended consequences. The impact could include changes to customer demand; our relationship with, and the financial operational capabilities of, vehicle manufacturers, finance providers and other suppliers; workforce availability; risks associated with borrowing facilities; the adequacy of our cash flow and earnings; disruptions to our technology network and other critical systems or equipment.

#### Mitigating controls

· *Ensure we have available the right level of expertise to interpret and assess any changes in regulations or in our policies and procedures*  
· *Use our expertise in the used car market to monitor market trends and adjust accordingly*  
· *Retain open channels of communication with our franchise partners.*  
· *Utilisation of the cash flow assistance measures provided by the government including deferral of taxation payments, business rates holiday and furlough of employees through the Coronavirus job retention scheme.*

### Going concern

The Group is funded on a day-to-day basis by an overdraft facility of £12m, vehicle stocking loans and a revolving credit facility of £150m committed until Dec 2023. As of 31 December 2019, the Group had significant headroom on all facilities and credit facility covenants.

Whilst there are pressures generated from the current economic climate, the impact of the Coronavirus pandemic and some challenges within the Automotive industry in the UK, the Group's forecast and projections, taking account of possible changes in trading performance, show the Group will be able to operate well within the level of its current facilities, for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements.

During 2020, the Company has taken advantage of cash flow assistance measures and support announced by the government as a result of the Coronavirus pandemic, including deferral of taxation payments, business rates holiday and furlough of employees through the Coronavirus job retention scheme. In addition to the government measures, the Company has been able to take advantage of deferred rent payments and manufacturer partner support including extended vehicle stocking plans and other measures assisting financial performance.

Whilst the impact of the Coronavirus pandemic has had a severely disruptive effect on the business the measures detailed above along with the strong trading performance in the period post lockdown have placed the Company in a robust position. At the date of this report the majority of employees furloughed have returned to work, deferred payroll tax liabilities have been settled and settlement of deferred rent payments are ongoing. The forecasts prepared have considered the fact that deferred VAT liabilities from the first quarter of 2020 are due to be repaid by 31 March 2021 and the business rates holiday covers the 2020 to 2021 tax year. Trading is not expected to continue quite as strongly going forwards however, the Directors consider the ongoing effects of the Coronavirus pandemic are likely to be less dramatic than the first wave of infections in 2020. Local lockdowns, which have been applied in parts of the country during the summer, have thus far excluded the motor retail sector and there is hope that increased testing and restrictions on social activity to limit the spread of the virus will mean another national lockdown on the same scale is unlikely.

The Directors have considered and reviewed forecast compliance with bank covenants and headroom availability during this period and do not forecast to be in breach of the covenants, or exceeding borrowing limits, at any of the test points. As such, the Directors have a reasonable expectation that there are no material uncertainties and continue to adopt the going concern assumption in the preparation of the financial statements.

## Group Strategic report (continued)

### Section 172(1) statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172(1) of the Companies Act 2006 and are given below:

A director of a company must act in the 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, and in doing so have regard (amongst other matters) to;

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

The Company and its subsidiaries (the Company and all subsidiaries to be referred to as "the Group") hold the same aim which is to be "famous for delighting our colleagues, customers, manufacturers and shareholders". The Group operate under the same corporate governance structure, the Group being managed as a whole at board level. The Directors review key risk factors faced by the Group and these are discussed above. The Directors delegate day to day decision making to key employees of the Group through a prescribed operating framework and monitor performance continually through regular meetings and performance review. The Directors are able to access professional advice on any part of their duties should they need further guidance.

The Directors understand that exceptional customer service can only be consistently delivered by attracting, motivating, training and retaining the very best team members, our Delighting Colleagues ethos "developing talent, building careers" supporting this. As testament to this ethos, in 2019 the Group have been named by Glassdoor as the 14th best place to work in the UK; not only the highest ranked business in the Automotive Sector, the Group were also the top rated retailer ahead of other large national businesses. The Group are keen to ensure employees reach their potential and have designed development programmes and courses to support this.

The Group strive to deliver an exceptional customer experience. Every member of the team is expected to contribute to the delivery of outstanding customer experiences and to earn repeat and referral business. This approach is supported by our framework in delighting Customers – "Getting it right, making it special". The Group collects and analyses feedback from its customers in order to ensure best practise is being applied at each location and should a customer not be satisfied or have any concerns there is a robust system in place to manage that process. The Group also monitors its performance on online feedback forums including Trustpilot and Google.

The Group operates franchised motor car dealerships. Without franchises, the Group would not be able to source new car stock or perform service warranty repairs. Maintaining an excellent working relationship with our franchise partners is critical to the success of the Group, and is fostered by both the Directors and employees within the Company.

In their decision making the Directors have regard to the impact of the Company operations in the local community and the environment. As well as making the Group a great place to work for our colleagues, the Directors want to ensure that we are making a difference in our local communities and all companies within the Group are challenged to make a commitment to local charities and community initiatives.

The Company's ultimate parent company Penske Automotive Group Inc, is listed on the NYSE and is subject to strict monitoring and processing controls as prescribed by the Sarbanes-Oxley Act of 2002. Each dealership is subject to regular internal audits the results of which are reported to the Penske Automotive Group audit committee.

## Group Strategic report (continued)

### Future developments

The Group's focus for the future is to organically grow the business, along with its franchise partners, and to progress acquisitions where opportunities arise. The Group has also recently diversified into the used car supermarket sector and further capital investment and expansion is planned in this area in the coming few years.

As discussed above in principal risks and uncertainties and going concern the Coronavirus pandemic has had a significant impact on the trading of the Group during 2020, also refer to note 29 post balance sheet events.

### Results and key performance indicators

The Group's profit before tax for the year was £71,799,000 (2018: £113,266,000) . Further details with regard to the trading results for the year and the amount transferred to reserves are set out on page 13.

The Group's key financial and other performance indicators during the year were as follows:

	2019 £000	2018 £000	Change %
Group turnover	5,915,844	5,953,756	-0.6%
Group operating profit	91,005	127,110	-28.4%

	2019 Units	2018 Units	Change %
Group used car sales	138,078	136,367	1.3%

The Group delivered an operating profit of £91.0 million, against a backdrop of challenging market conditions and further declines in the new car market.

The Group's net assets as at 31 December 2019 were £397,247,000 (2018: £394,869,000) the Company's net assets were £47,378,000 (2018: £60,080,000).

Approved by the board and signed on its behalf by



**A Collinson**  
Director

25 September 2020

## Group directors' report

The directors present their annual report, together with the strategic report, the audited financial statements and auditor's report, For the year ended 31 December 2019.

### Dividends

An interim dividend of £48,750,000 (2018: £44,000,000) was paid during the year. The directors do not recommend the payment of a final dividend (2018: £Nil).

### Directors and directors' interests

The directors who served during the year and subsequently are shown below:

LEW Vaughan  
JR Mallett  
GE Nieuwenhuys  
RH Kurnick (US citizen)  
D Edwards  
A Collinson  
J Werner

No director had a material interest in any significant contract, other than a service contract, with the Company or any of its subsidiaries at any time during the period.

### Directors indemnity

The Company has made no qualifying third party indemnity provisions for the benefit of its directors during the year.

### Employment policy and engagement with employees

The ultimate aim of the Group and Company is to be considered the best company to work for in the industry. The directors believe that to achieve this it is important to develop good working relations by the use of clear channels of communication and this is realised through formal and informal meetings and briefings, internal newsletters, the colleague hub (an online portal) and other electronic communication.

The Company, and Group, have a strong 'One Team' ethos, encouraging all managers to have an open door policy so they are ready to welcome all contributions and suggestions from our team members. The Company, and Group, hold regular meetings with forums covering the different aspects of the business which consist of employees from across the Group. The forums are used as a platform to share best practice and as a way to bring to the Boards attention any operational challenges faced by the teams.

### Disabled Colleagues

Disabled colleagues receive appropriate training to promote their career development within the Group.

It is the policy of the Company to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitude and abilities. If any colleague becomes disabled it is standard practice, in all but the most extreme circumstances, to offer an alternative job and provide retraining where necessary.

### Engagement with Suppliers, customers, others

Details of engagement with Suppliers, Customers and other can be found in the Strategic Report Directors' Duties and form part of this report by cross reference.

### Health, safety and the environment

The Group aims to achieve a high standard of performance in health, safety and environmental issues by eliminating injuries, work related ill-health and minimising the effect of our activities on the environment. Health and Safety Officers are appointed at each location and receive periodic training to keep abreast of both legislative requirements and technological advances. This is further enhanced with regular internal audits by our own fully qualified health and safety managers, along with training, induction and awareness programmes for all members of staff. The company aims to continually improve its performance in order to meet changing business and regulatory requirements.



## Group directors' report

### Statement of corporate governance arrangements

Sytner Group Limited (Sytner Group Limited and all subsidiaries to be referred to as "the Group") operate under the same umbrella of corporate governance. Under the format of the Wates Principles the corporate governance arrangements of the Group are discussed below.

#### *Purpose and leadership*

The Company, and the Group's, ultimate aim is to be considered the best company to work for in the industry and the best company to do business with. The Board meet regularly with management teams to analyse performance both financially and operationally and to plan for the future. The Company, and Group, holds regular conferences for different functions within the business which give the Directors the opportunity to communicate and reinforce their aims.

The values of the Company, and Group, are introduced to all new employees during their inductions and access to the company handbook is available to all employees on the colleague hub along with the best practise-guide ("Toolkit"). The company handbook includes the Company's Code of Business Conduct and Ethics. The objective of Toolkit is to record in one place all of the best practices from around the Group, whilst also clarifying what the minimum standards are. This is not to standardise the business but to allow them to be controlled in a way which suits each franchise and geographic locality. Our internal audit function audits each business (based on risk and past performance) to check for compliance with the minimum standards.

The board monitor the culture of the Company, and Group, through annual employee surveys, use of external benchmarking surveys, employee turnover rates, minimum bi-annual employee performance reviews and should a colleague leave the Group an exit interview is conducted. Should an employee wish to raise concerns about misconduct or unethical practices there is the opportunity to do so through supervisory or management personnel, or where the employee feels it is appropriate through a confidential hotline.

#### *Board composition*

The board comprises Directors with experience within motor retail, most of whom have worked for the Company or Group, for an extensive period of time. The board also includes Directors of the Company's ultimate holding company Penske Automotive Group, Inc. The operational management of the Company, and Group, is expanded to include further key members of management with other complementary specialisms.

The Group holds regular meetings with its internal Diversity Forum, This group consists of employees and Directors and constantly looks at ways to improve diversity and inclusivity within the Group.

#### *Director's responsibilities*

The board have developed corporate governance practices throughout the Group which provide clear lines of accountability and responsibility. The Group, have a set of policies and procedures in place to manage internal affairs of the Company. These policies and procedures have been discussed above.

The board make use of a selection of other committees to assist with the consideration of other areas of operation.

The Company, and Group, have established formal and robust internal processes to ensure systems and controls are operating effectively, and that the quality and integrity of the information provided is reliable. The board rely on information including:

- Financial reporting;
- Key performance indicators;
- Employee data;
- Franchisor feedback;
- Customer feedback.

## **Group directors' report**

### **Statement of corporate governance arrangements**

#### *Opportunity and risk*

The Board assess risks posed to the Company on a regular basis, discussion of the risks identified are discussed in the strategic report.

The Board considers opportunities to expand the current offerings as they arise, looking to the future the board considers the risks to which the Company is exposed and how future development could minimise the impact of those risks.

#### *Remuneration*

The remuneration of the Directors is controlled by the ultimate parent company Penske Automotive Group, Inc. under the remit of the compensation and management development committee. The charter for the compensation and management development committee does not form part of these financial statements but can be accessed via the Penske Automotive website.

#### *Stakeholder relations and engagement*

The material stakeholders groups recognised by the Company, and Group, would include the Company's workforce, the franchisors and the shareholders, being the ultimate parent Company Penske Automotive Group, Inc.

### **Financial risk management**

#### *Cash Flow risk*

The Group and Company is financed by bank loans and stocking loans with interest rates linked to either the prevailing base rate or Libor. We do not undertake significant active hedging of this risk. As a result, the Group and Company's interest cost is affected by moving base rates.

#### *Credit risk*

The Group and Company's principal financial assets are bank balances, cash, trade and other debtors.

The Group and Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of any provisions for amounts identified as being doubtful of recovery.

The credit risk on liquid funds is limited as the counterparts are banks with positive credit ratings.

The Group and Company has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers.

#### *Liquidity risk*

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Group and Company uses a mixture of long term and short term finance.

### **Future developments**

Details of future developments can be found in the Strategic report and form part of the report by cross reference.

### **Events after the balance sheet date**

Details of significant events after the balance sheet date can be found in notes to the financial statements.

## Group directors' report

### Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditors, Deloitte LLP, will be proposed for reappointment at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf by



**A Collinson**  
*Director*

2 Penman Way  
Grove Park  
Leicester  
Leicestershire  
LE19 1ST  
25 September 2020

## Directors' responsibilities statement

The directors are responsible for preparing the annual 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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 and then apply them consistently;
- make judgements and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Sytner Group Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Sytner Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account and other comprehensive income
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

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**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

#### **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.

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 respect of these matters.

## **Independent auditor's report to the members of Sytner Group Limited**

### **Report on the audit of the financial statements**

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **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.

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **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.



**Peter Gallimore FCA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

**Statutory Auditor**

**Birmingham, United Kingdom**

28 September 2020

**Consolidated profit and loss account and other comprehensive income**  
*For the year ended 31 December 2019*

	<i>Note</i>	<b>Continuing</b>	<b>Discontinued</b>	<b>2019</b>	<b>Continuing</b>	<b>Discontinued</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>	<b>Total</b>	<b>£000</b>	<b>£000</b>	<b>Total</b>
				<b>£000</b>			<b>£000</b>
<b>Turnover</b>	3	5,720,340	195,504	5,915,844	5,747,418	206,338	5,953,756
Cost of sales		(4,955,800)	(172,980)	(5,128,780)	(4,980,932)	(179,604)	(5,160,536)
<b>Gross profit</b>		<u>764,540</u>	<u>22,524</u>	<u>787,064</u>	<u>766,486</u>	<u>26,734</u>	<u>793,220</u>
Distribution costs		(432,189)	(15,309)	(447,498)	(404,728)	(17,631)	(422,359)
Administrative expenses		(238,062)	(10,499)	(248,561)	(234,599)	(9,152)	(243,751)
<b>Operating profit</b>		<u>94,289</u>	<u>(3,284)</u>	<u>91,005</u>	<u>127,159</u>	<u>(49)</u>	<u>127,110</u>
Profit/(loss) on sale of business	2	(285)	(3,141)	(3,426)	-	354	354
<b>Profit before finance charges</b>		<u>94,004</u>	<u>(6,425)</u>	<u>87,579</u>	<u>127,159</u>	<u>305</u>	<u>127,464</u>
Interest payable and similar expenses	7	(15,155)	(625)	(15,780)	(13,534)	(664)	(14,198)
<b>Profit before taxation</b>	4	<u>78,849</u>	<u>(7,050)</u>	<u>71,799</u>	<u>113,625</u>	<u>(359)</u>	<u>113,266</u>
Tax on profit	8	(20,861)	1,272	(19,589)	(25,716)	168	(25,548)
<b>Profit for the financial year</b>		<u>57,988</u>	<u>(5,778)</u>	<u>52,210</u>	<u>87,909</u>	<u>(191)</u>	<u>87,718</u>
<b>Other comprehensive income</b>							
Remeasurement of net defined benefit pension liability				(799)			(74)
Income tax on other comprehensive income				136			13
<b>Other comprehensive income for the year, net of income tax</b>				<u>(663)</u>			<u>(61)</u>
<b>Total comprehensive income for the year</b>				<u>51,547</u>			<u>87,657</u>

The notes on pages 19 to 37 form part of these financial statements.

## Consolidated balance sheet

As at 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Goodwill	9	147,802	177,394
Other intangibles	9	2,358	3,760
		<u>150,160</u>	<u>181,154</u>
Tangible assets	10	475,139	429,148
		<u>475,139</u>	<u>429,148</u>
		<u>625,299</u>	<u>610,302</u>
<b>Current assets</b>			
Stocks	12	1,064,729	1,048,506
Debtors	13	189,885	194,607
Cash at bank and in hand		724	59
		<u>1,255,338</u>	<u>1,243,172</u>
<b>Creditors: amounts falling due within one year</b>	14	(1,406,801)	(1,373,172)
<b>Net current assets/(liabilities)</b>		<u>(151,463)</u>	<u>(130,000)</u>
<b>Total assets less current liabilities</b>		<u>473,836</u>	<u>480,302</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(59,574)	(66,424)
<b>Provisions for liabilities and charges</b>			
Deferred tax liability	17	(7,775)	(6,851)
Pensions and similar obligations	18	(9,240)	(12,158)
		<u>(17,015)</u>	<u>(19,009)</u>
<b>Net assets</b>		<u>397,247</u>	<u>394,869</u>
<b>Capital and reserves</b>			
Called up share capital	20	2,724	2,724
Share premium account		17,164	17,164
Goodwill reserve		-	-
Profit and loss account		377,359	374,981
<b>Shareholders' funds</b>		<u>397,247</u>	<u>394,869</u>

These financial statements were approved by the board of directors on 25 September 2020 and were signed on its behalf by:



**A Collinson**  
Director

Registered number 02883766

The notes on pages 19 to 37 form part of these financial statements.



## Company balance sheet

As at 31 December 2019

	Note	2019 £000	2018 £000	£000
<b>Fixed assets</b>				
Tangible assets	10	23,273	21,106	
Investments	11	289,102	289,102	
			<b>312,375</b>	310,208
			<b>312,375</b>	310,208
<b>Current assets</b>				
Stocks	12	385	556	
Debtors	13	206,668	128,509	
Cash at bank and in hand		8,737	3	
		<b>215,790</b>	129,068	
<b>Creditors: amounts falling due within one year</b>	14	(465,864)	(343,104)	
<b>Net current assets/(liabilities)</b>			<b>(250,074)</b>	(214,036)
<b>Total assets less current liabilities</b>			<b>62,301</b>	96,172
<b>Creditors: amounts falling due after more than one year</b>	15	(5,683)		(23,934)
<b>Provisions for liabilities and charges</b>				
Pensions and similar obligations	18	(9,240)	(12,158)	
			<b>(9,240)</b>	(12,158)
<b>Net assets</b>			<b>47,378</b>	60,080
<b>Capital and reserves</b>				
Called up share capital	20	2,724		2,724
Share premium		17,164		17,164
Goodwill reserve		7,476		7,476
Profit and loss account		20,014		32,716
<b>Shareholders' funds</b>			<b>47,378</b>	60,080

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The total comprehensive income for the financial year dealt with in the financial statements of the parent company was £36,467,000 (2018: £56,055,000).

These financial statements were approved by the board of directors on 25 September 2020 and were signed on its behalf by:



**A Collinson**  
Director

Registered number 02883766

The notes on pages 19 to 37 form part of these financial statements.

**Consolidated statement of changes in equity**  
*As at 31 December 2019*

	<i>Note</i>	<b>Called up Share Capital £000</b>	<b>Share Premium Account £000</b>	<b>Goodwill reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total Equity £000</b>
<b>Balance at 1 January 2018</b>		<b>2,724</b>	<b>17,164</b>	<b>-</b>	<b>330,932</b>	<b>350,820</b>
<b>Total Comprehensive income for the period ended 31 December 2018</b>						
Total comprehensive income for the year		-	-		87,657	87,657
Equity-settled share based payment transactions	19	-	-	-	392	392
Dividends	21	-	-	-	(44,000)	(44,000)
<b>Total contributions by and distributions to owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,608)</b>	<b>(43,608)</b>
<b>Balance at 31 December 2018</b>		<b>2,724</b>	<b>17,164</b>	<b>-</b>	<b>374,981</b>	<b>394,869</b>
<b>Balance at 1 January 2019</b>		<b>2,724</b>	<b>17,164</b>	<b>-</b>	<b>374,981</b>	<b>394,869</b>
<b>Total Comprehensive income for the period ended 31 December 2019</b>						
Total comprehensive income for the year		-	-	-	51,547	51,547
Equity-settled share based payment transactions	19	-	-	-	(419)	(419)
Dividends	21	-	-	-	(48,750)	(48,750)
<b>Total contributions by and distributions to owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,169)</b>	<b>(49,169)</b>
<b>Balance at 31 December 2019</b>		<b>2,724</b>	<b>17,164</b>	<b>-</b>	<b>377,359</b>	<b>397,247</b>

The notes on pages 19 to 37 form part of these financial statements.

## Company statement of changes in equity

As at 31 December 2019

	Note	Called up Share Capital £000	Share Premium Account £000	Goodwill reserve £000	Profit and loss account £000	Total Equity £000
<b>Balance at 1 January 2018</b>		<b>2,724</b>	<b>17,164</b>	<b>7,476</b>	<b>20,269</b>	<b>47,633</b>
<b>Total Comprehensive income for the period ended 31 December 2018</b>						
Total comprehensive income for the year		-	-		56,055	56,055
Equity-settled share based payment transactions	19	-	-	-	392	392
Dividends	21	-	-	-	(44,000)	(44,000)
Total contributions by and distributions to owners		-	-	-	(43,608)	(43,608)
<b>Balance at 31 December 2018</b>		<b>2,724</b>	<b>17,164</b>	<b>7,476</b>	<b>32,716</b>	<b>60,080</b>
<b>Balance at 1 January 2019</b>		<b>2,724</b>	<b>17,164</b>	<b>7,476</b>	<b>32,716</b>	<b>60,080</b>
<b>Total Comprehensive income for the period ended 31 December 2019</b>						
Total comprehensive income for the year		-	-	-	36,467	36,467
Equity-settled share based payment transactions	19	-	-	-	(419)	(419)
Dividends	21	-	-	-	(48,750)	(48,750)
Total contributions by and distributions to owners		-	-	-	(49,169)	(49,169)
<b>Balance at 31 December 2019</b>		<b>2,724</b>	<b>17,164</b>	<b>7,476</b>	<b>20,014</b>	<b>47,378</b>

The notes on pages 19 to 37 form part of these financial statements.

**Consolidated cash flow statement**  
**For the year ended 31 December 2019**

	<i>Note</i>	<b>2019</b>	2018
		<b>£000</b>	£000
<b>Cash flows from operating activities</b>			
Profit for the year		52,210	87,718
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	4	62,403	55,958
Interest payable and similar charges	7	15,780	14,198
Loss on sale of tangible fixed assets		1,799	2,719
(Loss)/Profit on the disposal of a business	2	3,426	(354)
Taxation	8	19,589	25,548
		<b>155,207</b>	185,787
(Increase)/decrease in trade and other debtors		4,722	(8,122)
(Increase)/decrease in stocks		(7,266)	(88,339)
(Decrease)/increase in trade and other creditors		(10,827)	10,448
(Decrease)/increase in provisions and employee benefits		(3,716)	(4,102)
Interest paid		(15,930)	(14,133)
Tax paid		(22,629)	(24,537)
<b>Net cash from operating activities</b>		<b>99,561</b>	57,002
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		30,102	40,849
Proceeds from disposal of a business	2	10,936	1,392
Acquisition of a business	2	-	(74,701)
Acquisition of tangible fixed assets	10	(97,319)	(84,248)
<b>Net cash from investing activities</b>		<b>(56,281)</b>	(116,708)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings under revolving credit facility		4,689,000	3,749,500
Repayment of borrowings under revolving credit facility		(4,692,000)	(3,656,500)
Proceeds from/(repayment) of bank and other loans		11,668	2,000
Payment of finance lease liabilities		(1,095)	(1,221)
Dividends paid		(48,750)	(44,000)
<b>Net cash from financing activities</b>		<b>(41,177)</b>	49,779
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,103</b>	(9,927)
<b>Cash and cash equivalents brought forward</b>		<b>(1,379)</b>	8,548
<b>Cash and cash equivalents</b>		<b>724</b>	(1,379)
<b>Cash and cash equivalents comprising</b>			
Cash at bank and in hand		724	59
Bank overdraft	16	-	(1,438)
		<b>724</b>	(1,379)

The notes on pages 19 to 37 form part of these financial statements.

Notes to the financial statements

**1 Accounting policies**

**General information**

Sytner Group Limited, (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company's registered office address is 2 Penman Way, Grove Park, Enderby, Leicester, LE19 1ST.

The principal activities of the Company and the Group are set out in the strategic report on page 1.

The functional and presentation currency of these financial statements is sterling because that is the currency of the primary economic environment in which the Company and Group operates. All amounts in the financial statements have been rounded to the nearest £1,000.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") issued by the Financial Reporting Council.

The Company's ultimate parent undertaking, Penske Automotive Group, Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Penske Automotive Group, Inc. are prepared in accordance with US GAAP and are available to the public and may be obtained from [www.penskeautomotive.com](http://www.penskeautomotive.com). In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;

The group has a number of subsidiaries which were entitled to exemption from audit under section 479A of the Companies Act 2006. The subsidiaries to which this relates are identified in note 11.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**1.1 Measurement Convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: Financial instruments classified at fair value through the profit or loss.

**1.2 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings drawn up to the end of the financial year. A subsidiary is an entity that is controlled by the parent. The results of the subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of the entity, so as to obtain benefits from its activities.

**1.3 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 on page 1. They are prepared on a going concern basis as 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.

**1.4 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**1.5 Discontinued operations**

Discontinued operations are components of the Company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

**1.6 Turnover**

Turnover, which arises wholly in the United Kingdom from the Group's principal activity of the retail of vehicles, their maintenance and repair and the supply of related parts and accessories, is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

Turnover is recognised in most cases on despatch of vehicles and parts and after service work is completed. In some instances, a customer may pay in full for the vehicle and accept responsibility for it but request that the company retains possession of the vehicle for delivery at a specified later date. Turnover is recognised on these transactions at the point of payment as the company believes that the risks and rewards of ownership have substantially transferred.

Where vehicles are supplied to a leasing company for contract hire purposes and the Group undertakes to repurchase the vehicle at a predetermined amount and date then the significant risks and rewards of ownership are deemed not to have transferred outside the Group and consequently operating lessor accounting is adopted.

The repurchase commitments for the vehicles are held within creditors with the respective asset within fixed assets motor vehicles. The income remaining on the initial transaction with the leasing company is held as deferred income and spread over the period of the agreement.

Notes to the financial statements

**1.7 Expenses**

*Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

*Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

*Interest payable and similar expenses*

Interest payable and similar expenses include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

*Other interest receivable and similar income*

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**1.8 Employee benefits**

*Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan, the Company operates two defined benefit plans. The entity's net obligation in respect of defined benefit plans is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

*Share based payments*

The Company has two share based payment schemes for management in operation.

The first scheme is based on the performance of the Group against specified targets over a three year period and is part of long term incentive plan. The expense is accrued on a straight line basis over the period of the scheme with the cost being recognised as an employee expense in the profit and loss account with a corresponding movement in accruals. Shares are awarded to the value accrued at the end of the scheme based on the market share price at that time.

The second scheme is recognised as an employee expense on a straight line basis in the profit and loss account with a corresponding movement in accruals based on the fair value of options granted. The fair value is measured at grant date and spread over the period during which the employee became entitled to the options (the vesting period). The amount recognised as an expense is adjusted to reflect an estimate of the number of shares or options that are expected to vest. The creditor is adjusted to reflect movement in share price throughout the vesting period with a corresponding movement in equity.

The above scheme's are different only in the way the amount of shares granted are determined. The shares granted via both schemes are subject to the terms of the Penske Automotive Group, Inc.'s (formerly United Automotive Group, Inc.) 2012 Equity Compensation Plan.

Notes to the financial statements

**1.9 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**1.10 Intangible assets, goodwill and negative goodwill**

*Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

*Negative goodwill*

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

*Franchise Value*

Franchise value is calculated as the net present value of future revenue generated from holding a franchise including the gross profit on new cars, warranty repairs and franchise parts.

*Software*

Intangible assets are stated at cost less accumulated amortisation. Intangible assets include costs incurred in the development of bespoke computer software.

*Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Franchise value	-	10 years
Software	-	3 to 5 years
Goodwill		
For acquisition on or before 31 December 2013	-	20 years
For acquisitions on or after 1 January 2014	-	10 years

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of Assets when there is an indication that goodwill or an intangible asset may be impaired.

**1.11 Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102 section 27 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Notes to the financial statements

**1.12 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.7 above.

Where vehicles are supplied to a leasing company for contract hire purposes and the Group undertakes to repurchase the vehicle at a predetermined amount and date then the significant risks and rewards of ownership are deemed not to have transferred outside the Group and consequently operating lessor accounting is adopted.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold land and buildings	-	50 years
Short leasehold land and buildings	-	over lease term
Fixtures and equipment and motor vehicles	-	between 3 and 10 years
Courtesy vehicles	-	4 years
Motor vehicles held as lessor	-	over lease term

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

**1.13 Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially recognised at cost and subsequently measured at fair value through profit and loss.

Following changes to FRS102 as issued in December 2017 any properties occupied by Group companies have been reclassified as tangible fixed assets and accounted for using the cost model.

**1.14 Stocks**

Stocks, excluding vehicle parts stock, are stated at the lower of cost and net realisable value and include interest bearing consignment vehicles. Cost incurred in bringing each product to its present location and condition is based on purchase price less trade discounts. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Consignment stock are considered to be under the control of the Company and are included in stock on the balance sheet as the Company has the significant risks and rewards of ownership even though legal title has not yet passed. The corresponding liability is included in creditors.

Vehicle parts stock is stated at average cost.

**1.15 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.



Notes to the financial statements

**1.16 Impairment excluding stocks and deferred tax assets**

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of goodwill impairment testing, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**1.17 Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**1.18 Basic financial instruments**

*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

*Investments in subsidiaries, jointly controlled entities and associates*

Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment changes.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**1.19 Related Party Disclosures**

The company has taken advantage of the exemption available in FRS102 Section 33.1A from disclosing intercompany transactions between two or more members of a group, provided that any subsidiary party to the transaction is a wholly owned member of the group.

Notes to the financial statements

**2 Acquisitions and new businesses**

*Acquisitions in the current period*

The Group and Company made no acquisitions in the year.

*Disposal of businesses in the current and prior period*

*Discontinued operation*

During the year the Group disposed of 4 Volkswagen dealerships and 1 SEAT dealership. The net assets disposed including goodwill and franchise value amounted to £10,936,000, the Group made a loss on disposal of £3,426,000.

During the year the Group closed 1 Volkswagen, 1 BMW and 1 MINI dealership. Goodwill and franchise value intangible assets have been impaired by £4,275,000, additional closure costs have been incurred amounting to £1,975,000.

The businesses disposed and closed during the year have been treated as discontinued.

During the prior year the Group disposed of its last remaining Lexus dealership in Leicester. The net assets amounted to £1,392,000, the Group made a profit on disposal of £354,000. The business has been classified as discontinued.

**3 Turnover**

The Group's turnover is derived in the United Kingdom from the Company's principal activity that being the the retail of vehicles, their maintenance and repair and the supply of related parts and accessories

**4 Expenses and auditor's remuneration**

	2019 £000	2018 £000
Profit on ordinary activities before taxation is arrived at after charging/(crediting);		
Depreciation (note 10)	34,257	32,673
Amortisation of goodwill and other intangibles (note 9)	23,871	23,285
Impairment of goodwill and other intangibles (note 9)	4,275	-
Operating lease rentals	43,840	43,682
Auditors' remuneration		
Audit of these financial statements	125	96
Audit of financial statements of subsidiaries pursuant to legislation	385	359
Other services pursuant to such legislation	125	30

Amortisation of goodwill and other intangibles is included in Administrative expenses.

**5 Staff numbers and costs**

The average monthly number of persons employed by the Group (including directors) during the year was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Number of employees</b>		<b>Number of employees</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Workshop staff	4,949	4,840	-	-
Sales and distribution	3,147	3,360	-	-
Administration	2,393	2,203	580	534
	<u>10,489</u>	<u>10,403</u>	<u>580</u>	<u>534</u>

The aggregate payroll costs to the Group for these persons were as follows:

	£000	£000
Wages and salaries	356,206	327,647
Share based payments	2,504	2,368
Social security costs	36,262	34,319
Contributions to defined contribution plan	11,579	8,511
Expenses related to defined benefit plans	283	334
	<u>406,834</u>	<u>373,179</u>

Notes to the financial statements

**6 Remuneration of directors**

	<b>2019</b>	2018
	<b>£000</b>	£000
Directors' emoluments for services	<b>2,677</b>	3,214
Pension contributions	<b>20</b>	20
	<hr/>	<hr/>
Remuneration of the highest paid director (excluding pension contributions)	<b>1,134</b>	1,307
Pension contributions of the highest paid director	<b>10</b>	10
	<hr/>	<hr/>
	<b>Number</b>	
Number of directors who are members of the money purchase pension scheme	<b>5</b>	5
	<hr/>	<hr/>
The number of directors who exercised share options was	<b>-</b>	-
	<hr/>	<hr/>
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	<b>4</b>	4
	<hr/>	<hr/>

RH Kurnick is remunerated by Penske Automotive Group, Inc., a company registered in Delaware, USA, J Werner is remunerated by Penske Automotive Europe GmbH, a company registered in Germany. The remuneration of RH Kurnick and J Werner is not included in the above analysis.

The remuneration of RH Kurnick is disclosed in the financial statements of Penske Automotive Group, Inc..

**7 Interest payable and similar expenses**

	<b>2019</b>	2018
	<b>£000</b>	£000
Stocking loan interest	<b>12,615</b>	10,733
Bank loans and overdrafts	<b>2,785</b>	3,044
Net interest on pension scheme obligations	<b>283</b>	334
Other interest	<b>97</b>	87
	<hr/>	<hr/>
	<b>15,780</b>	14,198
	<hr/>	<hr/>

Notes to the financial statements

**8 Tax on profit**

*Analysis of charge/(credit) in year*

	2019 £000	2018 £000
<i>Current tax</i>		
Current tax on income for the year	19,202	25,669
Adjustment in respect of previous years	(673)	(900)
<b>Total current tax</b>	<b>18,529</b>	<b>24,769</b>
<i>Deferred tax</i>		
Origination/reversal of timing differences	1,026	706
Adjustment in respect of prior periods	119	168
Effect of change in tax rate	(85)	(95)
<b>Total deferred tax</b>	<b>1,060</b>	<b>779</b>
<b>Tax on profit/(loss)</b>	<b>19,589</b>	<b>25,548</b>

	Current tax £000	Deferred tax 2019 £000	Total tax £000	Current tax £000	Deferred tax 2018 £000	Total tax £000
Recognised in profit and loss account	18,529	1,060	19,589	24,769	779	25,548
Recognised in other comprehensive income	-	(136)	(136)	-	(13)	(13)
<b>Total tax</b>	<b>18,529</b>	<b>924</b>	<b>19,453</b>	<b>24,769</b>	<b>766</b>	<b>25,535</b>

*Reconciliation of effective tax rate*

Profit/(loss) before taxation	71,799	113,266
Tax using the UK corporation tax rate of 19% (2018: 19%)	13,642	21,521

*Effects of:*

Effect of tax rates in foreign jurisdictions	-	-
Difference in tax rate on gain on sale of discontinued operations	-	-
Change in tax rate on deferred tax balances	(78)	(92)
Expenses not deductible for tax purposes	7,370	5,831
Tax exempt revenues	(865)	(982)
Recognition of previously unrecognised tax losses	-	-
Current year losses for which no deferred tax asset was recognised	-	-
Under/(over) provided in prior years	(480)	(730)
<b>Total tax charge/(credit) (see above)</b>	<b>19,589</b>	<b>25,548</b>

*Factors that may affect future current and total tax charges*

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax liability would have been £915,000 higher.

Due to the mature and stable nature of the company's business, we do not expect the gross value of deferred tax assets and liabilities to materially change during the year ended 31 December 2020.

Notes to the financial statements

**9 Intangible fixed assets**

Group	Goodwill	Franchise Value	Software	Total
	£000	£000	£000	£000
<b>Cost</b>				
At beginning of year	323,387	4,262	1,032	328,681
Additions	-	-	22	22
Disposal	(19,339)	(1,216)	(56)	(20,611)
Transfer	-	-	139	139
At end of year	304,048	3,046	1,137	308,231
<b>Amortisation</b>				
At beginning of year	145,993	1,189	345	147,527
Charge for the year	23,106	422	343	23,871
Impairment	4,131	144	-	4,275
Disposal	(16,984)	(562)	(56)	(17,602)
At end of year	156,246	1,193	632	158,071
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>147,802</b>	<b>1,853</b>	<b>505</b>	<b>150,160</b>
At 31 December 2018	177,394	3,073	687	181,154

The transfer relates to the reclassification of assets that were classified as fixtures and equipment in the prior period. Goodwill and franchise value impairments in the year relate to the site closures during the year (see note 2).

**10 Tangible fixed assets**

Group	Freehold land and buildings	Short leasehold land and buildings	Fixtures and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At beginning of year	276,295	100,390	150,817	58,019	585,521
Additions	36,022	30,758	27,888	21,537	116,205
Disposals	(24,284)	(2,298)	(13,276)	(18,165)	(58,023)
Reclassification/transfer	4,576	(5,614)	899	-	(139)
At end of year	292,609	123,236	166,328	61,391	643,564
<b>Depreciation</b>					
At beginning of year	21,724	24,578	91,934	18,137	156,373
Charge for year	3,502	4,740	14,681	11,334	34,257
Disposals	(631)	(1,186)	(10,063)	(10,325)	(22,205)
Reclassification/transfer	50	(75)	25	-	-
At end of year	24,645	28,057	96,577	19,146	168,425
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>267,964</b>	<b>95,179</b>	<b>69,751</b>	<b>42,245</b>	<b>475,139</b>
At 31 December 2018	254,571	75,812	58,883	39,882	429,148

Included within freehold land and buildings is £85,710,000 (2018: £73,722,000) of land which is not depreciated.

Included in cost are assets under the course of construction which are not depreciated as follows:

	£000
Freehold land and buildings	38,001
Short leasehold land and buildings	46,680
Fixtures and equipment	8,013

Included in tangible fixed assets are assets with a net book value of £36,174,000 (2018: £23,662,000) which are held as security by way of a fixed charge in favour of a bank loan, see note 16.

Notes to the financial statements

**10 Tangible fixed assets (continued)**

Company	Freehold land and buildings	Short leasehold land and buildings	Fixtures and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At beginning of year	15,017	1,233	8,458	2,183	26,891
Additions	1,063	85	2,552	732	4,432
Disposals	-	(17)	(86)	(667)	(770)
Reclassification/transfer	(2,443)	2,187	256	-	-
At end of year	13,637	3,488	11,180	2,248	30,553
<b>Depreciation</b>					
At beginning of year	133	242	4,648	762	5,785
Charge for year	57	125	1,273	557	2,012
Disposals	-	(10)	(82)	(425)	(517)
Reclassification/transfer	-	-	-	-	-
At end of year	190	357	5,839	894	7,280
<b>Net book value</b>					
At 31 December 2019	13,447	3,131	5,341	1,354	23,273
At 31 December 2018	14,884	991	3,810	1,421	21,106

Included within freehold land and buildings is £10,307,000 (2018: £10,307,000) of land which is not depreciated.

Included in cost are assets under the course of construction which are not depreciated as follows:

	£000
Freehold land and buildings	466
Fixtures and equipment	256

**11 Fixed asset investments**

Company	Shares in group undertakings £000
<b>Cost</b>	
At beginning of year	375,222
Acquisition	-
Disposal	-
At end of year	375,222
<b>Provision</b>	
At beginning of year	86,120
Impairment	-
Disposal	-
At end of year	86,120
<b>Net book value</b>	
At 31 December 2019	289,102
At 31 December 2018	289,102

Notes to the financial statements

**11 Fixed asset investments (continued)**

The company has the following subsidiary undertakings:

Company Name	Country of incorporation	Registered number	Activity	Class of shares held	Proportion held %
Agnew Autoexchange Limited	Northern Ireland	NI012734	SEAT Dealership	Ordinary	100
Agnew Commercials Limited	Northern Ireland	NI013173	Mercedes-Benz dealerships	Ordinary	100
Agnew Leasing Limited	Northern Ireland	NI011916	Corporate vehicle sales	Ordinary	100
Agnew Retail Limited (2)	Northern Ireland	NI610593	Intermediate Holding Company	Ordinary	100
Ascot Garage Company Limited (1)	England	582473	Dormant	Ordinary	100
Automotive Strategy Limited (1)	England	3554765	Dormant	Ordinary	100
Bavarian Garages (N.I.) Limited (1)	Northern Ireland	NI013932	Dormant	Ordinary	100
Car Shops Limited (2)	England	5331512	Used car supermarket operator	Ordinary	100
Central Garage (Surrey) Limited (1)	England	359696	Dormant	Ordinary	100
Cruickshank Motors Limited	England	1837492	Mercedes-Benz dealerships	Ordinary	100
Edmond & Milburn Limited (1)	England	3008457	Dormant	Ordinary	100
FW Mays & Co Limited (1)	England	926676	Dormant	Ordinary	100
Goodman Derby Limited (1)	England	6514539	Dormant	Ordinary	100
Goodman Retail Limited	England	3097514	Volkswagen and Audi dealerships	Ordinary	100
Goodman TPS Limited (2)	England	6821483	VW Parts business	Ordinary	100
Graypaul Motors Limited	England	3079284	Ferrari and Maserati dealerships	Ordinary	100
Guy Salmon Highgate Limited (1)	England	3547864	Dormant	Ordinary	100
Guy Salmon Limited	England	3574418	Jaguar and Land Rover dealerships	Ordinary	100
IAPCB Limited	Northern Ireland	NI020068	Porsche dealership	Ordinary	100
Isaac Agnew (Holdings) Limited (2)	Northern Ireland	NI000668	Intermediate Holding Company	Ordinary	100
Isaac Agnew (Mallusk) Limited (1)	Northern Ireland	NI014730	Dormant	Ordinary	100
Isaac Agnew Limited	Northern Ireland	NI010842	Audi, VW, BMW & Mini dealership	Ordinary	100
Leslie H. Trainer and Son Limited (2)	England	1140490	BMW dealership	Ordinary	100
Mar Parts Limited (1)	England	827692	Dormant	Ordinary	100
Maranello Concessionaires Ltd (2)	England	655104	Ferrari Parts business	Ordinary	100
Maranello Holdings Limited (2)	England	2001186	Dormant	Ordinary	100
Maranello Sales Limited (1)	England	1443371	Dormant	Ordinary	100
Michael Powles Limited (1)	England	2726631	Dormant	Ordinary	100
Minden Limited (1)	England	1139205	Dormant	Ordinary	100
Oxford Mazda Limited (1)	England	1514496	Dormant	Ordinary	100
Prophets (Gerrards Cross) Limited (1)	England	2170064	Dormant	Ordinary	100
Quad Finance Limited (1)	England	1088907	Dormant	Ordinary	100
R Stratton & Co Limited	England	2696872	Rolls Royce and Bentley dealerships	Ordinary	100
Ryburn Cars Limited (1)	England	1904979	Dormant	Ordinary	100
Rycar Limited (1)	England	2590871	Dormant	Ordinary	100
Rycom Vehicles Limited (1)	England	2788408	Dormant	Ordinary	100
Rycroft Vehicles Limited (1)	England	248481	Dormant	Ordinary	100
Rydale Cardiff Limited (1)	England	3469376	Dormant	Ordinary	100
Rydna Limited (1)	England	4814756	Dormant	Ordinary	100
Ryland Cars Limited (1)	England	3117861	Dormant	Ordinary	100
Ryland Group Limited (1)	England	4813103	Dormant	Ordinary	100
Ryland Group Services Limited (1)	England	1356615	Dormant	Ordinary	100
Ryland Investments Limited (1)	England	491856	Dormant	Ordinary	100
Ryland Leasing Limited (1)	England	2385853	Dormant	Ordinary	100
Ryland Properties Limited (1)	England	2286173	Dormant	Ordinary	100
Ryland Vehicles Limited (1)	England	662475	Dormant	Ordinary	100
Stanley Motor Works (1932) Limited (2)	Northern Ireland	NI000727	Dormant	Ordinary	100
Sunningdale Carriage Co Limited (1)	England	1088735	Dormant	Ordinary	100
Sytner Automotive Limited (1)	England	1979805	Dormant	Ordinary	100
Sytner Cars Limited	England	2832086	Porsche dealerships	Ordinary	100
Sytner Direct Limited (1)	England	3574420	Dormant	Ordinary	100
Sytner Finance Limited (1)	England	2344678	Dormant	Ordinary	100
Sytner Holdings Limited (1)	England	2681878	Dormant	Ordinary	100
Sytner Limited	England	813696	BMW and Rolls Royce dealerships	Ordinary	100
Sytner London Limited (1)	England	2383590	Dormant	Ordinary	100
Sytner Properties (Grove Park) Limited (1)	England	5171962	Dormant	Ordinary	100
Sytner Properties Limited (1)	England	3611990	Dormant	Ordinary	100
Sytner Retail Limited (1)	England	833930	Dormant	Ordinary	100
Sytner Sheffield Limited (1)	England	264809	Dormant	Ordinary	100
Sytner Vehicles Limited (2)	England	7089922	Dormant	Ordinary	100

Notes to the financial statements

**11 Fixed asset investments (continued)**

Company Name	Country of incorporation	Registered number	Activity	Class of shares held	Proportion held %
The Car People Limited (2)	England	3743283	Used car supermarket operator	Ordinary	100
Thomson & Taylor (Brooklands) Limited (1)	England	1121388	Dormant	Ordinary	100
Trade Parts Specialist (NI) Limited (2)	Northern Ireland	NI064523	Volkswagen parts business	Ordinary	100
Trainer (Holdings) Limited (2)	England	8745259	Intermediate Holding Company	Ordinary	100
William Jacks Limited (1)	England	215293	Dormant	Ordinary	100
William Jacks Properties Limited (1)	England	1120920	Dormant	Ordinary	100
William Jacks Services Limited (1)	England	1576842	Dormant	Ordinary	100
Yarnold of Stratford Limited (1)	England	2014007	Dormant	Ordinary	100
Zycor 17 Limited (1)	England	3297708	Dormant	Ordinary	100
Zycor 18 Limited (1)	England	3824364	Dormant	Ordinary	100

The registered address for all companies incorporated in England is 2 Penman Way, Grove Park, Enderby, Leicester, LE19 1ST

The registered address for all companies incorporated in Northern Ireland is 18 Boucher Way, Belfast, BT12 6RE

(1) For the year ending 31 December 2019 the company has taken exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

(2) For the year ending 31 December 2019 the Company has taken exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. As required under section 479C of the Companies Act 2006, Sytner Group Limited guarantees all outstanding liabilities to which the subsidiary companies are subject.

**12 Stocks**

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Vehicles for resale	684,894	686,238	-	-
Consignment stock	354,589	336,838	-	-
Parts	25,246	25,430	385	556
	<b>1,064,729</b>	<b>1,048,506</b>	<b>385</b>	<b>556</b>

Vehicles for resale are pledged as security for stocking loans managed under a group facility.

The replacement cost of stocks is not materially different from the value stated above.

**13 Debtors**

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	149,107	146,197	3,040	1,248
Amounts owed by immediate parent company	37	270	37	270
Amounts owed by subsidiary undertakings			160,820	89,299
Other debtors	18,546	24,447	33,363	28,979
Deferred tax asset (note 17)	-	-	2,198	2,898
Prepayments and accrued income	22,195	23,693	3,591	3,020
Corporation tax receivable	-	-	3,619	2,795
	<b>189,885</b>	<b>194,607</b>	<b>206,668</b>	<b>128,509</b>

Amounts owed by immediate parent company and subsidiary undertakings are unsecured, interest free and do not have a fixed repayment date.



Notes to the financial statements

**14 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts (note 16)	128,524	132,385	127,000	143,376
Stocking loans	540,912	507,003	274,454	164,423
Consignment stock liabilities	385,629	366,063	-	-
Amounts owed to ultimate parent undertaking	10,000	-	10,000	-
Trade creditors	124,809	144,124	15,442	12,408
Corporation tax payable	7,031	11,131	-	-
Other taxes and social security	16,085	18,396	1,602	1,381
Other creditors	84,638	120,875	25,675	11,305
Finance leases and other loans (note 16)	89	88	-	-
Accruals and deferred income	109,084	73,107	11,691	10,211
	<b>1,406,801</b>	<b>1,373,172</b>	<b>465,864</b>	<b>343,104</b>

The stocking loans are secured on the vehicles to which they relate and bear interest related to Finance House base rates. Amounts owed to group undertakings are unsecured, interest accrues at 4% and is payable quarterly.

**15 Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other creditors	-	23,935	-	23,934
Accruals and deferred income	32,311	25,222	5,683	-
Bank loans (note 16)	27,174	17,090	-	-
Finance leases and other loans (note 16)	89	177	-	-
	<b>59,574</b>	<b>66,424</b>	<b>5,683</b>	<b>23,934</b>

**16 Total borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Due within one year or on demand:				
Bank loans	3,524	2,947	2,000	2,000
Revolving credit facility	125,000	128,000	125,000	128,000
Bank overdraft	-	1,438	-	13,376
Finance leases and other loans	89	88	-	-
	<b>128,613</b>	<b>132,473</b>	<b>127,000</b>	<b>143,376</b>
Due between one and two years:				
Bank loans	1,524	946	-	-
Finance leases and other loans	89	89	-	-
	<b>1,613</b>	<b>1,035</b>	<b>-</b>	<b>-</b>
Due between two and five years:				
Bank loans	4,579	2,841	-	-
Finance leases and other loans	-	88	-	-
	<b>4,579</b>	<b>2,929</b>	<b>-</b>	<b>-</b>
Due after five years:				
Bank loans	21,071	13,303	-	-
Finance leases and other loans	-	-	-	-
	<b>21,071</b>	<b>13,303</b>	<b>-</b>	<b>-</b>
	<b>155,876</b>	<b>149,740</b>	<b>127,000</b>	<b>143,376</b>

The overdraft is secured by fixed and floating charges over the assets of the Group. The bank overdraft bears interest at 1.75% over UK base rate. The bank loans includes 2 mortgages which are secured on the property to which they relate and an unsecured cash flow loan. The first mortgage, which was drawn down in December 2017, bears a fixed interest rate of 4.1% for the first ten years and variable thereafter, capital repayments of £79,500 are made each calendar month. The second mortgage, which was drawn down in December 2019, bears a fixed interest rate of 3.85% for the first ten years and variable thereafter, capital repayments of £48,620 are made each calendar month. The cashflow loan does not bear interest and is repayable on demand

The revolving credit facility bears interest at a variable rate of between 1.1% and 2.1% over 1.BBOR.

Notes to the financial statements

**17 Deferred tax assets and liabilities**

	Group		Company		
	2019		2019		
Balance at 1 January 2019	6,851		(2,898)		
Charge to profit and loss account and other comprehensive income during the year	924		700		
Balance at 31 December 2019	7,775		(2,198)		
Deferred tax assets and liabilities are attributable to the following:					
Group	Assets		Liabilities		Net
	2019	2018	2019	2018	2019
	£000	£000	£000	£000	£000
Accelerated capital allowances	(327)	(520)	5,862	5,799	5,535
Employee benefits	(497)	(472)	-	-	(497)
Unused tax losses	-	-	-	-	-
Other timing differences	(1,915)	(2,347)	4,652	4,391	2,737
Tax (assets) / liabilities	(2,739)	(3,339)	10,514	10,190	7,775
Company	Assets		Liabilities		Net
	2019	2018	2019	2018	2019
	£000	£000	£000	£000	£000
Accelerated capital allowances	(197)	(421)	-	-	(197)
Employee benefits	(473)	(452)	-	-	(473)
Other timing differences	(1,528)	(2,025)	-	-	(1,528)
Tax (assets) / liabilities	(2,198)	(2,898)	-	-	(2,198)

Included in other timing differences is a provision for deferred tax liability on rollover gains of £3,624,000 (2018: £3,480,000).

There are no assets on which deferred tax has not been recognised. The company does not anticipate any material reversal of the deferred tax liability above. Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the asset and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity in the Company.

Notes to the financial statements

**18 Employee benefits - Pensions**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the profit and loss account in the year they are incurred.

The total expense charged to profit or loss in the year ended 31 December 2019 was £11,579,000 (2018: £8,511,000). Outstanding contributions at the end of the financial year were £996,000 (2018: £1,147,000).

In addition to the defined contribution scheme detailed above Sytner Group Limited operates two defined benefit pension arrangement called the William Jacks Plc Retirement Benefits Scheme ("William Jacks") and the Ryland Group Services Pension Plan ("Ryland"). The schemes provide benefits based on final salary and length of service on retirement, leaving service or death.

The William Jacks and Ryland schemes are subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the schemes is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the trustees of the schemes the contributions to be paid to address any shortfall against the Statutory Funding Objective.

Based on the contribution schedule currently in force for the Scheme, the Company expects to contribute £1,075,000 to William Jacks and £1,425,000 to Ryland during the 12 months following the Review Date.

The most recent comprehensive actuarial valuation of the schemes was carried out as at 31 March 2017. The results of that valuation were updated by a qualified actuary to 31 December 2019 allowing for cash flows in and out of the schemes and changes to assumptions over the period.

	William Jacks £000	Ryland £000	Total £000
<b>Net pension (liability)/asset</b>			
Defined benefit obligation	(22,478)	(31,869)	(54,347)
Plan assets	18,392	26,715	45,107
<b>Net pension liability</b>	<b>(4,086)</b>	<b>(5,154)</b>	<b>(9,240)</b>

**Movements in present value of defined benefit obligation**

At 1 January 2019	20,789	30,663	51,452
Past service cost	-	-	-
Interest expense	572	834	1,406
Remeasurement: actuarial gains/(losses)	-	-	-
Benefits paid	(699)	(1,803)	(2,502)
Changes to demographic assumptions	(523)	(827)	(1,350)
Changes to financial assumptions	2,339	3,002	5,341
<b>At 31 December 2019</b>	<b>22,478</b>	<b>31,869</b>	<b>54,347</b>

**Movements in fair value of plan assets**

At 1 January 2019	15,660	23,634	39,294
Interest income	453	670	1,123
Remeasurement: return on plan assets less interest income	1,258	1,871	3,129
Contributions by employer	1,720	2,343	4,063
Benefits paid	(699)	(1,803)	(2,502)
<b>At 31 December 2019</b>	<b>18,392</b>	<b>26,715</b>	<b>45,107</b>

**Expense recognised in the profit and loss account**

	William Jacks		Ryland		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Current service cost	-	-	-	-	-	-
Net interest on net defined benefit liability	119	145	164	189	283	334
<b>Total expense recognised in profit or loss</b>	<b>119</b>	<b>145</b>	<b>164</b>	<b>189</b>	<b>283</b>	<b>334</b>

Notes to the financial statements

**18 Employee benefits - Pensions (continued)**

The fair value of the plan assets and the return on those assets were as follows:

	<b>William Jacks</b>		<b>Ryland</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fair value</b>						
Growth	13,810	11,583	19,563	17,340	33,373	28,923
Corporate bonds	2,312	1,953	3,450	2,910	5,762	4,863
Index linked bonds and insured annuities	2,159	2,024	3,571	3,385	5,730	5,409
Cash and net current liabilities	111	100	131	(1)	242	99
	<b>18,392</b>	<b>15,660</b>	<b>26,715</b>	<b>23,634</b>	<b>45,107</b>	<b>39,294</b>
<b>Actual return on plan assets</b>	<b>1,711</b>	<b>(740)</b>	<b>2,541</b>	<b>(965)</b>	<b>4,252</b>	<b>(1,705)</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
<b>Long term expected rate of return</b>						
Growth	5.15	5.7	5.15	5.7		
Corporate bonds	1.95	2.8	1.95	2.8		
Index linked bonds and insured annuities	1.95	2.8	1.95	2.8		
Cash and net current liabilities	1.15	1.7	1.15	1.7		

The assets do not include any investment in shares of the company or its subsidiaries.

The fair value of the Scheme's assets does not include any property investment that is occupied by the company or any of its subsidiaries.

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	<b>William Jacks</b>		<b>Ryland</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Discount rate	1.95	2.8	1.95	2.8
Inflation assumption (RPI)	3.25	3.5	3.25	3.5
Inflation assumption (CPI)	2.25	2.5	2.25	2.5
Pension increases				
RPI max 5% pa	3.2	3.4	3.2	3.4
CPI max 3% pa	2.0	2.1	2	2.1
Post retirement mortality assumptions	S2NXXA mortality tables and CMI 2018 projections with a long term rate of improvement of 1.25%	S2NXXA mortality tables and CMI 2017 projections with a long term rate of improvement of 1.25%	S2NXXA mortality tables and CMI 2018 projections with a long term rate of improvement of 1.25%	S2NXXA mortality tables and CMI 2017 projections with a long term rate of improvement of 1.25%

The latest full actuarial valuation carried out for both schemes was as at 31 March 2017 and these were updated for FRS102 purposes to 31 December 2019 by a qualified independent actuary.

**19 Employee benefits - Share Schemes**

Certain employees in managerial roles in the Group are eligible to receive share based payments pursuant to the terms of the Penske Automotive Group, Inc.'s (formerly United Automotive Group Inc.) 2012 Equity Compensation Plan.

The scheme (referred to as restricted stock) is a long term incentive plan for senior managers. The cost is recognised as an employee expense on a straight line basis in the profit and loss account with a corresponding movement in accruals based on the fair value of options granted. The fair value is measured at grant date and spread over the period during which the employee became entitled to the options (the vesting period). The amount recognised as an expense is adjusted to reflect an estimate of the number of shares that are expected to vest. The creditor is adjusted to reflect movement in share price throughout the vesting period with a corresponding movement in equity. At 31 December 2019 the outstanding creditor was £3,093,000 (2018: £2,185,000).

During the year, Penske Automotive Group, Inc. granted 75,776 shares with a market value on grant date of £3,300,000 (2018: 86,346 shares with a market value on grant date of £2,961,000) of restricted stock. The non-vested shares entitle the participants to vote and receive dividends. However, the shares are subject to forfeiture and are non-transferable, with restrictions over a four year period from the grant date. The shares vest over a four year period commencing on 1 June in the year following the grant date as follows; year 1 - 15%, year 2 - 15%, year 3 - 20%, year 4 - 50%. The total charge to the profit and loss account in respect of restricted stock in the year was £2,504,000 (2018: £2,368,000). This charge was included in administrative expenses. In addition a credit/(charge) was made through equity of £419,000 (2018: £392,000) in relation to movements in restricted stock price.

Notes to the financial statements

**20 Called up share capital**

	<b>2019</b>	2018
	<b>£000</b>	£000
<i>Allotted, called up and fully paid:</i>		
27,240,197 ordinary shares of 10p each	<b>2,724</b>	2,724
	<hr/>	<hr/>

The shares have attached to them full voting rights, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**21 Dividends**

	<b>2019</b>	2018
	<b>£000</b>	£000
Ordinary shares of 10p each - Interim dividends	<b>48,750</b>	44,000
	<hr/>	<hr/>

**22 Financial commitments**

*Operating leases*

**Group**

Non-cancellable operating lease rentals are payable as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Expiry date:		
Within one year	<b>46,293</b>	46,060
Between two and five years	<b>159,867</b>	159,207
After five years	<b>422,994</b>	396,083
	<hr/>	<hr/>
	<b>629,154</b>	601,350
	<hr/>	<hr/>

*Operating leases*

**Company**

Non-cancellable operating lease rentals are payable as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Expiry date:		
Within one year	<b>3,957</b>	3,896
Between two and five years	<b>12,415</b>	9,528
After five years	<b>20,859</b>	5,639
	<hr/>	<hr/>
	<b>37,231</b>	19,063
	<hr/>	<hr/>

*Capital commitments*

**Group**

The group had capital commitments of £Nil As at 31 December 2019 (2018: £Nil).

**Company**

The company had capital commitments of £Nil As at 31 December 2019 (2018: £Nil).

Notes to the financial statements

**23 Accounting estimates and judgements**

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that may have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

*Critical judgements in applying the Group's accounting policies*

*Goodwill and other intangibles (see note 9)*

The Company reviews goodwill and other intangibles for indicators of impairment as discussed in the respective accounting policy in note 2. The identification and calculation of impairment requires management to calculate the net realisable value of the goodwill or intangible. Management typically use the discounted cashflow method to calculate the net realisable value and would use judgement to forecast future trading, to set the discount factor and to apply sensitivity based on known or anticipated market conditions.

*Key sources of estimation uncertainty*

*Deferred tax (see note 17)*

Determining income tax provisions involves an assessment of the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made estimations as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

*Stocks (see note 12)*

The assessment of the net realisable value of stocks utilises market knowledge and history of recent activity, whilst this is deemed to be appropriate it is possible that ultimate sales return will vary from those assumed.

*Leased Vehicles*

The group has entered into lease agreements with third parties to repurchase vehicles for a specified value at a predetermined date. The Group monitors the repurchase value against the fair value using market knowledge and history of recent activity and will provide for any losses indicated as a result of that review. Whilst this is deemed appropriate treatment it is possible that the ultimate sales return will vary from those assumed. At the end of the year the Group has a buy back liability of £21,150,000 for vehicles being leased for a period greater than 12 months, these vehicles are held as fixed assets with a net book value of £37,644,000. The Group also has a buy back liability of £45,828,000 for vehicles due for repurchase within one year, these vehicles are held as stock with a value of £45,954,000.

*Going concern*

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The conclusion reached on going concern is based on anticipated future trading performance and market expectations along with the continued availability of borrowings and whilst the assumptions made are deemed to be appropriate they are subject to external pressures over which the group has no control.

**24 Related party transactions**

*Related parties with which the group has transacted*

During the year £11,000 was invoiced, for the use of vehicles and £339,000, for purchase of vehicles, to Laurence Vaughan or companies in which he is a shareholder and director. During the year £114,000 was invoiced by Laurence Vaughan Limited, for the provision of pension trustee services. At 31 December 2019, £34,000 remained outstanding. Laurence Vaughan is a director of Sytner Group Limited.

During the year £1,019,000 was invoiced to the Group by Mallock Limited trading as Ecomotive Logistics, for the provision of vehicle transportation services. At 31 December 2019, £49,000 remained outstanding. Thomas Mallett a director and shareholder of Mallock Limited is the son of Jeremy Mallett, a director of Sytner Group Limited.

During the year £187,000 was invoiced to Penske Automotive Group Europe GmbH in respect of expenses and costs incurred by the Group. At 31 December 2019, £Nil outstanding. The employment costs related to the Chairman of Penske Automotive Group Europe GmbH are expensed by Sytner Group Limited.

During the year £2,364,000 was invoiced to the Group by Camden Ventures Ltd for the rent of properties. There was nothing outstanding as at 31 December 2018. Paul Dunkley, a director of Camden Ventures Limited, is the father of Jonathan and James Dunkley who were both directors of Car Shops Limited during the year, a subsidiary of Sytner Group Limited.

During the year the Group held an intercompany loan with its immediate parent company PAG International Limited. Total amounts drawn down and repaid by the parent company amounted to £52,306,000 and £52,269,000 respectively. At 31 December 2019, £37,000 was due from PAG International Limited, amounts owed are unsecured, interest free and do not have a fixed repayment date. Dividends paid to PAG International Limited during the year amounted to £48,750,000.

Penske Automotive Group Europe GmbH and Sytner Group Limited are both wholly owned subsidiaries of PAG International Limited.

On 31 December 2019, the Company received a loan from its ultimate parent company Penske Automotive Group, Inc. of £10,000,000, the loan is unsecured and accrues interest at 4% and is repayable on demand. At 31 December 2019 £10,000,000 remained outstanding.

*Transactions with key management personnel*

Total compensation of key management personnel (including the directors) in the year amounted to £9,205,000 (2018: £9,933,000).

Notes to the financial statements

**25 Financial instruments**

***Carrying amount of financial instruments***

The carrying amounts of the financial assets and liabilities include:

	2019 £000	2018 £000
Assets measured at amortised cost	190,609	194,666
Liabilities measured at amortised cost	<b>(1,466,375)</b>	<b>(1,439,596)</b>

**26 Sale of business**

During the year the disposed of the trade and assets of four Volkswagen and one SEAT dealership, see note 2 for details.

**27 Commitments**

**Company**

The Company and its subsidiaries are party to cross guarantees in favour of certain lenders to the Group.

As at 31 December 2019 the gross borrowings outstanding under the Group's bank facilities in aggregate were £125,000,000 (2018: £129,438,000).

**28 Ultimate Controlling Party**

The Company is a subsidiary undertaking and under the control of the ultimate parent undertaking Penske Automotive Group, Inc., incorporated in Michigan, USA, registered office address 2555 Telegraph Road, Bloomfield Hills, Detroit, MI 48302, USA.

Penske Automotive Group, Inc. is also the largest (and smallest) group in which the results of the Company are consolidated. The consolidated financial statements are available from 2555 Telegraph Road, Bloomfield Hills, Detroit, MI 48302, USA.

The Company's immediate parent company is PAG International Limited, incorporated in England and Wales, registered office address 2 Penman Way, Grove Park, Enderby, Leicester, LE19 1ST.

**29 Post balance sheet events**

In January 2020 the Company disposed of 4 Volkswagen dealerships. The carrying value of the dealerships net assets including goodwill allocated to it amounted to £6,486,000.

In March 2020, the World Health Organisation described the global spread of the new Coronavirus (or COVID-19) as a pandemic. On 23 March 2020, the UK Prime Minister announced that the UK would enter a period of lockdown advising the public to stay at home and only leave if they have a reasonable cause. The instructions also required the closure of all retail outlets selling non-essential goods, as such the majority of the Group's trade was halted with immediate effect, although a number of workshops remained open to support key workers. In accordance with government guidelines the Group was able to re-open car dealership sites across the UK in June as lockdown restrictions have been eased. The re-opening has required significant planning to ensure the safety of colleagues and customers. The Company has taken advantage of cash flow assistance measures and support announced by the government as a result of the Coronavirus pandemic, including deferral of taxation payments, business rates holiday and furlough of employees through the Coronavirus job retention scheme. In addition to the government measures the Company has been able to take advantage of deferred rent payments and manufacturer partner support including extended vehicle stocking plans and other measures assisting financial performance.

COVID-19 is a non-adjusting post balance sheet event and further discussion of its impact can be found in the strategic report.