Jack Barclay Limited
Annual report and financial statements
for the year ended 30 June 2020

Registered Number 0719989

Jack Barclay Limited

Annual report for the year ended 30 June 2020

Contents

Jack Barclay Limited

Directors and advisors for the year ended 30 June 2020

Directors
M Dalman
V K Choo
J Stone (appointed on 5 February 2021)

Company secretary and registered office
D. Grimston
Melton Court
Old Brompton Road
London
SW7 3TD

Banker
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitor
Ellisons LLP
Headgate Court
Head Street
Colchester
Essex
C01 1NP

Independent auditor
BDO LLP
Arcadia House
Maritime Walk
Southampton
SO14 3TL

Jack Barclay Limited

The Strategic report for the year ended 30 June 2020

Business review, principal activities and future outlook
The principal activity of the Company during the year was as an operator of Bentley and Lamborghini motor dealerships and it is also involved in the sale of Bugatti cars.

The profit for the year after taxation amounted to £1,041,000 (30 June 2019: £3,629,000), resulting from turnover of £79,796,000 (30 June 2019: £107,549,000). The Company had net assets at 30 June 2020 of £15,078,000 (30 June 2019: £24,037,000).

Principal risks and uncertainties
The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to relationships with manufacturers, the success of the Bentley and Lamborghini brands, the impact of future legislative changes, competitiveness within the motor retail sector, economic and market cycles, and advances in technology. Further discussion of these risks and uncertainties, in the context of the H.R. Owen Plc Group ('the Group') as a whole, is provided in the Business Review of the Group's annual report which does not form part of this report.

Impact of COVID-19 and going concern
The financial statements have been prepared on a going concern basis. The Group has prepared forecasts for the period of one year from the signing of the financial statements that consider the impact of COVID-19. The global pandemic has created significant uncertainty across many industries and the impact for the motor retail sector is wide ranging.

As part of the response, the Group initially furloughed staff and has implemented a cost-saving programme. On the demand-side, the Group benefits from a strong order book and has been encouraged by sales performance despite the restrictions. The Group maintains a strong cash position, being approximately £10,000,000 at the date of issuing the financial statements, and has significant undrawn loan and borrowing facilities.

As such, the directors consider that the Group has sufficient resources in order to meet its obligations as they fall due for a period of not less than twelve months from the date of issuing the financial statements.

The Board has concluded, after reviewing the work performed and detailed above that there is a strong expectation that the Group has adequate resources to continue in operation until at least 31 March 2022. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Jack Barclay Limited

The Strategic report for the year ended 30 June 2020 (continued)

Key Performance Indicators
The directors of Jack Barclay Limited manage the Company's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Jack Barclay Limited. The development, performance and position of H.R. Owen Plc, which includes the Company, is discussed in the Business Review of the Group's annual report which does not form part of this report.

By order of the board

D Grimston
Secretary

Date 25 March 2021

Jack Barclay Limited

Directors' report for the year ended 30 June 2020

The directors present their annual report and the audited financial statements of the Company for the year ended 30 June 2020.

Results and dividends
The results for the year ended 30 June 2020 are set out in the Statement of Comprehensive Income on page 10.

During the year, a dividend of £10m was approved and paid to HR Owen Plc.

Directors
The directors of the Company who were in office during the year and up to the date of the signing of the financial statements are listed below:

M Dalman
M Patel (resigned on 5 February 2021)
V K Choo

Charitable donations
During the period, the Company made charitable donations of £Nil (30 June 2019: £Nil). No political donations were made.

Risks associated with financial instruments
The Company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk.

Credit risk
Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables. The Company keeps all deposits with high street banks.

The Company has implemented policies that require appropriate credit checks on potential customers before sales over certain credit limits are made.

Liquidity risk and interest rate risk
The Company finances its operations through a mixture of retained reserves and borrowings. These borrowings comprise overdrafts, manufacturer and other vehicle stocking loans. Liquidity risk is managed by borrowing with a spread of maturity years. The Company has significant fluctuations in short-term borrowings due to industry specific factors. The Company mitigates any potential liquidity risk through maintaining substantial unutilised banking and used vehicle stocking loan facilities.

The Company is subject to interest rate risk on the borrowings. All borrowings are at floating rates. Any surplus cash balances are placed on overnight or short-term deposit on UK money markets.

The liquidity and interest rate risk is managed on behalf of the Company by its parent company.

Directors' report for the year ended 30 June 2020 (continued)

Payment to suppliers
The Company agrees payment terms with its suppliers when it enters into binding purchase contracts. The Company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not have a standard or code which deals specifically with the payment of suppliers.

The Company's average creditor payment period at 30 June 2020 was 47 days (30 June 2019: 24 days).

Post balance sheet events
There have been no post-balance sheet events since 30 June 2020.

Likely future developments in the business of the company
Information on likely future developments in the business of the company has been included in the Strategic Report on page 2.

Statement of disclosure of information to auditors
Each 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 auditors are aware of that information. So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

D Grimston
Secretary

Date 25 March 2021

Jack Barclay Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

By order of the board

D Grimston
Secretary

Date 25 March 2021

Independent auditor's report to member of Jack Barclay Limited

Opinion

We have audited the financial statements of Jack Barclay Limited ("the Company") for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent auditor's report to member of Jack Barclay Limited (continued)

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 this regard.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Independent auditor's report to member of Jack Barclay Limited (continued)

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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Malcolm Thixton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditors
Southampton
United Kingdom

Date 30 March 2021

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

Jack Barclay Limited

Statement of comprehensive income for the year ended 30 June 2020

	Note	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
Turnover	3	79,796	107,549
Cost of sales		(66,192)	(87,429)
Gross profit		13,604	20,120
Net operating expenses	4	(11,922)	(15,506)
Profit on ordinary activities before interest and taxation		1,682	4,614
Interest receivable and similar income	7	-	-
Interest payable and similar charges	8	(857)	(469)
Profit on ordinary activities before taxation	9	825	4,145
Tax charge on profit on ordinary activities	10	216	(516)
Profit on ordinary activities after taxation		1,041	3,629

The Company's results shown above all derive from continuing operations.

The Company has no other recognised gains and losses other than those included in the results above.

The notes on pages 13 to 28 form part of these financial statements.

Jack Barclay Limited

Balance sheet as at 30 June 2020

	Note	2020	2019
		£'000	**£'000**
Fixed assets			
Right of use asset	12	11,902	-
Tangible assets	13	3,172	3,901
		15,074	3,901
Current assets			
Stock	14	16,660	19,478
Debtors	15	28,463	37,617
Cash at bank and in hand		3,143	1
		48,266	57,095
Creditors: amounts falling due within one year	16	(36,702)	(36,422)
Net current assets		11,564	20,674
Total assets less current liabilities		26,638	24,575
Provision for liabilities and charges	18	(538)	(538)
Creditors: amounts falling due after one year	17	(11,022)	-
Net assets		15,078	24,037
Capital and reserves			
Called up share capital	19	100	100
Retained earnings		**14,978**	23,937
Total shareholders' funds		15,078	24,037

The financial statements were approved by the board of directors and authorised for issue on

V K Choo
Director 25 March 2021

Jack Barclay Limited

Registered Number 0719989

The notes on pages 13 to 28 form part of these financial statements.

Jack Barclay Limited

Statement of changes in equity for the year ended 30 June 2020

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 May 2018	100	20,238	20,338
Profit for the period	-	3,699	3,629
At 30 June 2019	100	23,937	24,037
Profit for the year	-	1,041	1,041
Dividends	-	(10,000)	(10,000)
At 30 June 2020	**100**	**14,978**	**15,078**

The notes on pages 13 to 28 form part of these financial statements.

Notes to the financial statements
for the year ended 30 June 2020

1 Principal accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted
In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by H.R. Owen Plc.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of H.R. Owen Plc. These financial statements do not include certain disclosures in respect of:
- Financial Instruments; and
- Impairment of assets.

Judgements and key areas of estimation uncertainty
The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Going Concern
The financial statements have been prepared on a going concern basis. The Group has prepared forecasts for the period of one year from the signing of the financial statements that consider the impact of COVID-19. The global pandemic has created significant uncertainty across many industries and the impact for the motor retail sector is wide ranging.

As part of the response, the Group initially furloughed staff and has implemented a cost-saving programme. On the demand-side, the Group benefits from a strong order book and has been encouraged by sales performance despite the restrictions. The Group maintains a strong cash position, being approximately £10,000,000 at the date of issuing the financial statements, and has significant undrawn loan and borrowing facilities.

As such, the directors consider that the Group has sufficient resources in order to meet its obligations as they fall due for a period of not less than twelve months from the date of issuing the financial statements.

Tangible fixed assets
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated on a straight line basis so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Estimated economic lives are reviewed yearly and adjusted as appropriate.

Jack Barclay Limited

Notes to the financial statements for the year ended 30 June 2020

Tangible fixed assets (continued)
Fixtures, plant and equipment, which includes fixtures and fittings as well as office and computer equipment, is depreciated over an economic life of between three and ten years. Leasehold improvements are depreciated over the shorter of the remaining life of the relevant lease, and the estimated useful economic life of the improvements.

IFRS 15 Revenue from Contracts with Customers
In respect of vehicle revenues, the Group recognises revenue on the delivery of vehicles to customers, except where the vehicle handover has taken place and the vehicle is insured by the customer but held temporarily by H R Owen at the customer's request. As the delivery of the vehicle is deemed to be the point in time at which control of the vehicle transfers to the customer and the performance obligation is satisfied, this is in line with IFRS 15 as this is the point of revenue recognition and no additional performance obligations have been identified. In addition, there is no material impact of rights of return, contract modifications or variable consideration such that the measurement of revenue has also not been impacted. While customer deposits are received in advance of vehicle delivery, there is not considered to be a significant financing component on the basis that the deposits are considered to be for a purpose other than financing, being principally to secure access to limited supply and provide comfort to the customer that H R Owen will fulfil its performance obligations. Vehicle sales are fully paid at the point of delivery, except for sales to certain corporate customers on credit terms of up to 60 days.

Revenues on parts and accessory sales are similarly recognised on delivery to the customer, being the point in time that control is considered to pass to the customer. Servicing and bodyshop revenues are recognised at the point in time with reference to the extent of the completion of the agreed work as informed by labour rates. There is therefore no change in the timing or measurement of aftersales revenue recognition. As with vehicle sales, parts, accessories, servicing and bodyshop services are paid on delivery except in the instance of certain corporate customers on credit terms of up to 60 days.

IFRS 9 Financial Instruments
The Group adopts a simplified approach using a provision matrix in the determination of lifetime expected credit losses. This approach takes into consideration both historic credit losses and future factors.

However, due to the fact that the Group requires finance to be in place for vehicle sales to individuals and has no history of significant bad debts, expected credit losses, beyond provision for credit impaired receivables, are not material.

IFRS 16 Leases
A new Standard, IFRS 16 Leases, came into effect from 1 January 2019 and has been adopted by the Group with effect from the start of its current financial year on 1 July 2019. The new standard, which replaced International Accounting Standard 17 and three related Interpretations, has completed a long-running project of the International Accounting Standards Board to overhaul lease accounting and requires leases to be recorded on the Statement of Financial Position in the form of a right-of-use asset, representing the Group's right to use the underlying asset, and a lease liability, representing its obligations to make lease payments.

Under the previous accounting policy, the Group classified leases as either an operating lease or a finance lease depending upon whether it was deemed that substantially all the risks and rewards of ownership had transferred. Under IFRS 16 the Group recognises a right-of-use asset for all leases with the exception of those deemed to be of low value or short-term in nature, in which case lease payments are expensed on a straight-line basis over the lease term.

Notes to the financial statements for the year ended 30 June 2020

IFRS 16 Leases (continued)
The revised accounting policy under IFRS 16 is as follows:

The Group recognises a right-of use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses and is then adjusted for certain remeasurements of the lease liability. Depreciation is recognised on a straight-line basis over the period of the lease the right-of-use asset is expected to be utilised.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease or, when this is not readily attainable, the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and reduced by payments made. It is remeasured when there is a change in future lease payments arising from a change of index or rate, a variation in amounts payable following contractual rent reviews and changes in the assessment of whether an extension/termination option is reasonably certain to be exercised. Where lease contracts include renewal and termination options, judgement is applied to determine the lease term. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term and the subsequent recognition of the lease liability and right-of-use asset. Where the Group acts as a lessor, receipts of lease payments are recognised in the income statement on a straight-line basis over the period of the lease unless it is deemed that the risks and rewards of ownership have been substantially transferred to the Group's lessee. If it is deemed that the risks and rewards of ownership have been substantially transferred then the Group will, rather than recognise a right-of-use asset, recognise an investment in the lease, this being the present value of future lease receipts discounted at the interest rate implicit in the lease or, if this is not specified, at the Group's incremental borrowing rate. The finance lease receivable will be increased by the interest received less payments made by the lessee.

Transition

The Group predominantly owns the freeholds of the properties from which it operates but, at the date of implementation of the Standard, had two properties subject to operating leases. One of these properties was leased on to a third party where the terms of the sub-lease mirror those of the Group's own lease. Upon adopting IFRS 16, one lease has been recognised as a right-of-use asset with a corresponding lease liability while the Group's interest in the second lease, sub-let to a third party, has been recognised as an asset with a corresponding lease liability. In its transition to IFRS 16 the Group has applied the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information has not been restated. The Group's incremental borrowing rate has been estimated at 2.7%. At transition, for leases classified as operating leases under IAS 17 Leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets were measured as an amount equal to the lease liability.

IFRS 16 Leases (continued)
The Group has applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:
• to apply the exemption not to recognise right-of-use assets and liabilities with less than twelve months of the lease term remaining at 1 July 2019;
• to exclude initial direct costs from measuring the right-of-use asset at date of initial application;
• to use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Under the previous accounting treatment, the lease rentals paid for the two properties highlighted above were charged against underlying profits and no asset or liability was recognised in the Statement of Financial Position. The implementation of the Standard increased the Company's assets and liabilities by £13,103k and reduced pre-tax profits in the year under review by £1,881k. During the year, the Company recognised £1,201k of depreciation charges, an interest expense of £1,121k and made payments of £441k in respect of its lease liabilities.

Stocks and work in progress
Stocks and work in progress are stated at the lower of cost and net realisable value. Cost of vehicles and parts stocks represents the purchase price plus any additional costs incurred. Parts stock is accounted for on a first-in, first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock. Cars used for demonstration purposes are valued at cost less an appropriate charge for use.

Vehicles on consignment are included in stock when substantially all of the principal benefits and inherent risks rest with the Company. The corresponding liability, after deducting any deposits, is included under creditors, as manufacturers' vehicle stocking loans.

Turnover
Turnover represents sales to external customers at invoiced amounts less value added tax. Sales of motor vehicles are recognised once the vehicle has been registered and delivered to the customer. Sales of parts and accessories are recognised on delivery to the customer. Servicing and bodyshop sales are recognised on completion of the agreed work. Sales which are partially completed as at year-end (as not having met certain recognition criteria) are held in deferred income net of value added tax.

Commissions
Revenue in relation to commissions on vehicle sales as an agent and insurance sales as a broker are recognised when the commission are receivable and non-refundable, typically on the completion of the related transaction.

Taxation
The taxation charge for the year comprises both current and deferred tax. Taxation is recognised in the Income Statement or in other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable for the period along with adjustments for tax payable in respect of previous periods.

Deferred tax is provided for all deferred tax assets and liabilities using full provision accounting, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements for the year ended 30 June 2020 (continued)

Pension scheme arrangements
The Company operates a number of defined contribution pension schemes. The pension cost charge represents contributions payable to the funds in respect of the period. The Company contributes towards the H.R. Owen London Defined Benefit Pension Scheme, a defined benefit pension scheme operated by H.R. Owen Dealerships Limited, a fellow subsidiary of H.R. Owen Plc.

The net deficit of the defined benefit pension scheme is calculated as the difference between the fair value of plan assets at the reporting date compared to the plan liabilities using the projected unit method discounted to its present value using prudent and appropriate discount factors. Any deficit recorded by the Scheme is included in the balance sheet of H.R. Owen Dealerships Limited. The pension cost 'contributions by the entity charged against income consists of the current service cost, finance costs, expected return on plan assets and past service cost. Any curtailment gains arising are credited to the Income Statement.

2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Inventory valuations – the company holds significant inventories of used cars. Trade guides and other publications are used to assist in the assessment of the carrying values of these cars at the balance sheet date and provisions taken as necessary (see note 13).

3 Turnover

Turnover consists of the sales of motor vehicles, servicing and bodyshop work and parts and accessories, excluding value added tax. Turnover consists entirely of sales made in the United Kingdom and arises from the Company's sole principal activity.

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

	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
Vehicles	59,302	85,165
Aftersales	20,494	22,252
	79,796	107,417

Notes to the financial statements for the year ended 30 June 2020 (continued)

4 Net operating expenses

	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
Selling and distribution costs	6,772	8,600
Administration expenses	5,723	6,906
Other operating income	(573)	-
Net operating expenses	11,922	15,506

5 Directors' emoluments

No director received any fees or other emoluments for their services from the Company during the year ended 30 June 2020 (30 June 2019: £Nil).

6 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the period was:

	Year ended 30 June 2020 Number	14 months ended 30 June 2019 Number
By Activity		
Selling and distribution	91	100
Administration	17	19
	108	119
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	4,860	5,813
Social security costs	547	656
Other pension costs (see note 21)	124	152
	5,531	6,621

7 Interest receivable and similar income

	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
On bank deposits	**-**	-

8 Interest payable and similar charges

	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
On manufacturers' vehicle stocking loans	484	469
Lease interest	373	-
	857	469

9 Profit on ordinary activities before taxation

	Note	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
Profit on ordinary activities before taxation is stated after charging:			
Depreciation charge for the year:			
- Right of Use Asset	12	1,201	-
- Owned tangible fixed assets	13	763	906
Loss on disposal of fixed assets		-	-
Remuneration receivable by the Company's auditors for the auditing of the Company's financial statements		28	16
Operating lease charges:			
- Plant and machinery		-	-
- Other		(27)	1,646

Fees paid to the Company's auditor, BDO LLP, for services other than the statutory audit of the Company are not disclosed in Jack Barclay Limited's accounts since the consolidated accounts of H.R. Owen Plc are required to disclose non-audit fees on a consolidated basis.

10 Tax on profit on ordinary activities

a) Analysis of charges for the year

	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
Current tax:		
UK corporation tax on profit for the year/period	-	548
Adjustment in respect of prior periods	(216)	(91)
Total current tax credit (see note 10b)	(216)	457
Deferred tax (note 18)		
Origination and reversal of timing differences	(66)	(17)
Adjustments in respect of previous periods	2	6
Impact of change in tax rate on opening balance	64	-
Total deferred tax	-	(11)
Tax charge/(credit) on profit on ordinary activities	(216)	446

Notes to the financial statements for the year ended 30 June 2020 (continued)

10 Tax on profit on ordinary activities (continued)

b) Factors affecting the current tax charge for the year

The current charge for the accounting year is less (30 June 2019: less) than the standard rate of corporation tax in the UK of 19.00% (30 June 2019: 19.00%). The difference is explained below:

	Year ended 30 June 2020 £'000	14 months ended 30 June 2019 £'000
Profit on ordinary activities before taxation:	825	4,145
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 19.00% (30 June 2019: 19.00%)	157	788
Effect of:		
Fixed asset differences	46	55
Income not deductible for tax purposes	(3)	-
Expenses not deductible for tax purposes	5	15
Utilisation of Group losses	(237)	(328)
Adjustment in respect of prior periods	(217)	(91)
Adjustment in respect of prior periods – deferred tax	2	6
Impact of change in tax rate	66	2
IFRS16 transitional adjustment	(35)	-
Current tax (credit)/charge for the year (see note 10a)	(216)	446

The standard rate of Corporation Tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly, the profits of companies in the Group for this accounting year are taxed at an effective rate of 19.00%.

11 Dividends

	Year ended 30 June 2020 £'000	14 months ended 30 June 2019
Interim dividend paid of £nil per ordinary share (30 June 2019: £Nil per ordinary share)	10,000	-

Notes to the financial statements for the year ended 30 June 2020 (continued)

12 Right-of-use assets

	Right of Use Asset £'000
Deemed cost	
At 1 July, on implementation	13,103
Additions	-
At 30 June	13,103
Accumulated depreciation	
At 1 July , on implementation	-
Charge for the year/period	1,201
At 30 June	1,201
Net book value	
At 30 June	11,902

The Company implemented IFRS 16 with effect from 1 July 2019 and the accounting policy adopted is set out in detail on pages 13 and 14.

Notes to the financial statements
for the year ended 30 June 2020 (continued)

13 Tangible assets

	Leasehold improvement £'000	Fixtures, plant and equipment £'000	Total £'000
Cost			
At 1 July 2019	5,416	2,864	8,280
Additions	-	34	34
Group transfers	-	-	-
Disposals	-	(36)	(36)
At 30 June 2020	**5,416**	**2,863**	**8,278**
Accumulated depreciation			
At 1 July 2019	2,489	1,890	4,379
Charge for the year	514	249	763
Group transfers	-	-	-
Disposals	-	(35)	(35)
At 30 June 2020	**3,003**	**2,104**	**5,107**
Net book value			
At 30 June 2020	**2,413**	**759**	**3,172**
1Net book value			
At 30 June 2019	2,927	974	3,901

14 Stock

	2020 £'000	2019 £'000
Vehicles and parts	7,903	10,080
Interest bearing consignment stock	8,531	9,202
Work in progress	226	196
	16,660	19,478

As at 30 June 2020, all vehicles on consignment were held on the balance sheet (30 June 2019: all). There is no material difference between the replacement cost of stocks and the amounts stated above. Inventories charged as an expense in the year total £69,192,984 (30 June 2019: £92,770,065).

15 Debtors

	2020 **£'000**	2019 £'000
Amounts falling due within one year:		
Trade debtors	2,090	2,131
Amounts owed by Group undertakings	23,052	31,325
Other debtors	2,253	2,407
Prepayments and accrued income	1,068	1,754
	28,463	37,617

Amounts owed by Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

16 Creditors: amounts falling due within one year

	2020 **£'000**	2019 £'000
Bank overdrafts	-	4,642
Trade creditors	8,509	8,114
Vehicle stocking loans	13,289	14,303
Amounts owed to Group undertakings	198	2,512
Other creditors	2,380	5,221
Other taxes and social security	427	521
Corporation tax	333	550
Accruals and deferred income	509	559
Lease liabilities	1,056	-
Dividends Payable	10,000	-
	36,702	36,422

Bank overdrafts are secured by fixed and floating charges over the assets of the Company.

Vehicle stocking loans are secured by fixed and floating charges over the stocks of new consignment, used and demonstrator vehicles held. Vehicle stocking loans are at floating rates with interest rates incurred based on a margin over Finance House Base Rate of between ½% and 2%.

Amounts due to Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements for the year ended 30 June 2020 (continued)

17 Lease liabilities

	Total 2020 £'000
Deemed liability	
At 1 July, on implementation	12,959
Additions	-
Interest charge for the year	315
Lease payments	(1,196)
At 30 June	12,078
Due in less than one year	1,056
Due after more than one year	11,022
At 30 June	12,078

The Company implemented IFRS 16 with effect from 1 July 2019 and the accounting policy adopted is set out in detail on pages 13 and 14.

18 Deferred tax

Deferred tax is calculated in full on timing differences under the liability method using a tax rate of 19% (30 June 2019: 17%).

	2020 £'000	2019 £'000
Deferred tax liability		
Deferred tax comprises:		
Excess of capital allowances over depreciation	(60)	(30)
Other short term timing differences	(37)	-
Capital gains held over	635	568
	538	538

Movement during the year:	2020 £'000
1 July 2019	538
Amount credited to statement of comprehensive income	-
30 June 2020	**538**

19 Called up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100	100

20 Contingent liabilities

Barclays Bank Plc holds unlimited guarantees by the Company in respect of amounts owing by H.R. Owen Plc, the holding company, and its subsidiaries. At 30 June 2020 the total amount outstanding to Barclays Bank Plc by H.R. Owen Plc and its subsidiaries in respect of bank term loans, mortgages and overdrafts was £Nil (30 June 2019: £1,877,000).

21 Pension obligations

Defined contribution schemes
Pension costs for the defined contribution schemes for the period ended 30 June 2020 totalled £123,737 (30 June 2019: £88,579). Contributions, both employer and employee, amounting to £Nil were outstanding at 30 June 2020 (30 June 2019: £Nil).

Defined benefit scheme
The H.R. Owen London Defined Benefit Pension Scheme is a defined benefit pension scheme operated by H.R. Owen Dealerships Limited, a fellow subsidiary of H.R. Owen Plc, on a pre-funded basis. The funding policy is to contribute such variable amounts as, on the advice of the Scheme's actuary, will achieve a 100% funding level on a projected salary basis. Actuarial assessments covering expense and contributions are carried out triennially by independent qualified actuaries, with the last such review being carried out as at 5 April 2010. The Scheme was closed to future accrual during 2013.

Further details of the Group defined benefit scheme are disclosed in note 23 of the Group consolidated financial statements, which are available as disclosed in note 23 below.

At 30 June 2020 the scheme had a pension liability of £339,000 (30 June 2019: surplus of £478,809).

The total pension expense for the Company for the year ended 30 June 2020 was £Nil (30 June 2019: £Nil). A balance sheet accrual for contributions of £Nil exists at the year-end (30 June 2019: £Nil).

22 Related party transactions

There were no vehicle transactions with director's during the year.

23 Ultimate parent company and controlling party

The immediate parent undertaking is H.R. Owen Plc, a company incorporated in England and Wales. The ultimate parent undertaking is Berjaya Corporation Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, Malaysia.

The largest group in which the results of the company are consolidated is that headed by Berjaya Corporation Berhad, incorporated in Malaysia. The consolidated accounts are available to the public and may be obtained from The Company Secretary, Berjaya Corporation Berhad, Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

The smallest group in which they are consolidated is that headed by H.R. Owen Plc, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from The Company Secretary, H.R. Owen Plc, Melton Court, Old Brompton Road, London, SW7 3TD.