GODFREY DAVIS MOTOR GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

Registered Number : 00860056

GODFREY DAVIS MOTOR GROUP LIMITED

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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

The Company is a wholly owned subsidiary of Pendragon PLC

The Company's principal activity is that of an investment holding company, it's income being derived from dividend income paid by its subsidiary undertakings. The income received during the year was a final distribution from one of the Company's subsidiary undertakings which was voluntarily struck during the year.

The directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Risks to the business include fluctuations in general economic conditions, such as interest rate increases, environmental concerns and legislation and the loss of key personnel. The unexpected outbreak of the Covid 19 virus has presented the Company additional risk in terms of the impact of the economy and uncertainty as to whether a further outbreak is possible. With regard to the UK's decision to leave the EU, we believe that the main risk factors are consumer confidence and the potential impact of Sterling/Euro exchange rates on vehicle prices. The Risk Control Group of Pendragon PLC has met to consider these risks and uncertainties, including the impact of Covid 19 and Brexit, and will continue to monitor how these risks evolve. These risks are significant to the group and are also detailed in the group financial statements.

By order of the Board

M S Willis
Director

22 December 2020

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 5.

No dividend was paid during the year (2018 : £nil). The directors do not recommend the payment of a final dividend.

DIRECTORS

The directors during the year were as follows:

T G Finn (resigned 31 March 2019)
T P Holden (resigned 31 March 2019)
M P Herbert (appointed 1 April 2019, resigned 30 June 2019)
M S Willis (appointed 8 April 2019)
W Berman (appointed 9 April 2020)
M S Casha

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board

Richard Maloney

R J Maloney
Secretary

Loxley House
Little Oak Drive
Annesley
Nottinghamshire
NG15 0DR
22 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Opinion

We have audited the financial statements of Godfrey Davis Motor Group Limited ("the Company") for the year ended 31 December 2019 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

John Leech (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

22 December 2020

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2019

note		2019 £000	unaudited 2018 £000
	Administration expenses	(664)	-
5	Loss on disposal of investments	(605)	-
3	*Income from shares in group undertakings*	1,575	-
	PROFIT/RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION	306	-
4	Taxation on profit/result on ordinary activities	-	-
	PROFIT/RESULT FOR THE FINANCIAL YEAR	306	-

All amounts relate to continuing operations.

There are no amounts to be recognised in a Statement of Other Comprehensive Income and as such no separate statement has been presented. The (loss)/result for the financial year represents total comprehensive income for the period.

Movements in reserves are shown in the Statement of Changes in Equity on page 7.

The notes on pages 8 to 11 form part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2019

Note		2019 £000	unaudited 2018 £000
	FIXED ASSETS		
5	Investments	**939**	3,263
	CURRENT ASSETS		
6	Debtors	**7,890**	5,315
7	**CREDITORS**: amounts falling due within one year	**-**	(55)
	NET CURRENT ASSETS	**7,890**	5,260
	NET ASSETS	**8,829**	8,523
	CAPITAL AND RESERVES		
8	Called up share capital	**10,102**	10,102
	Capital redemption reserve	**399**	399
	Profit and loss account	**(1,672)**	(1,978)
	SHAREHOLDERS' FUNDS	**8,829**	8,523

Approved by the Board of Directors on 22 December 2020 and signed on its behalf by :

M S Willis
Director

Registered Company Number : 00860056

The notes on pages 8 to 11 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	**Total equity £000**
Balance at 1 January 2018 - unaudited	*10,102*	*399*	(1,978)	***8,523***
Total comprehensive income for 2018				
Result for the year - unaudited	-	-	-	**-**
Total comprehensive income for the year	-	-	-	**-**
Balance at 31 December 2018 - unaudited	10,102	399	(1,978)	**8,523**
Balance at 1 January 2019	10,102	399	(1,978)	**8,523**
Total comprehensive income for 2019				
Profit for the year	-	-	306	**306**
Total comprehensive income for the year	-	-	306	**306**
Balance at 31 December 2019	10,102	399	(1,672)	**8,829**

The notes on pages 8 to 11 form part of these financial statements.

1 **ACCOUNTING POLICIES**

(a) Basis of preparation

Godfrey Davis Motor Group Limited is a company incorporated, domiciled and registered in England in the UK. The Company's registered number is 00860056 and the registered address is Loxley House, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the previous financial period the Company was classified as dormant and elected to continue to prepare its financial statements in accordance with accounting standards prescribed under the previous UK GAAP prior to the introduction of FRS100. As the Company has now made a transaction it has now adopted the policies prescribed by IFRS 101. In these financial statements, the Company has adopted FRS 101 for the first time.

The financial statements are presented in thousands of UK pounds, rounded to the nearest £1,000. They have been prepared under the historical cost convention and where other bases are applied these are identified in the relevant accounting policy in the notes below.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The transition to FRS 101 has not affected the reported financial position, financial performance and cash flows of the Company and therefore no reconciliations as a result of the transition are provided.

The Company's ultimate parent undertaking, Pendragon PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Pendragon PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, Pendragon PLC, Loxley House, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:
• a Cash Flow Statement and related notes;
• Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
• Disclosures in respect of transactions with wholly owned subsidiaries ;
• Disclosures in respect of capital management;
• The effects of new but not yet effective IFRSs;
• An additional balance sheet for the beginning of the earliest comparative period following the adoption of FRS 101;
• Disclosures in respect of the compensation of Key Management Personnel.
• Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Pendragon PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
• Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2015 for the purposes of the transition to FRS 101.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

IFRS 16 Leases
The Company has adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduces a single, on balance model for leases. However at the balance sheet date and during the year and prior year the Company had no lease obligations or expenses so no further adjustment and disclosure is necessary in these financial statements.

Judgements
The Company applies judgement in how it applies its accounting policies, which do not involve estimation, but could materially affect the numbers disclosed in these financial statements. There are however no such key accounting judgements applied in these financial statements.

Accounting estimates
The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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. The directors consider the following to be the key estimates applicable to the financial statements, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year or in the long-term:

Key estimate area	Key assumption	Potential impact within the next financial year	Potential impact in the longer term	Note reference
Investment impairment	The balances of investment in subsidiary companies are held at cost less any impairment. It is considered that these investments are one CGU. An impairment exists when their recoverable amount is less than the costs held in the accounts. There are a number of factors which could impact the recoverable amount which creates a risk of this recoverable amount being lower than the investment balance held.	✓	✓	5

1 *ACCOUNTING POLICIES*

(a) Basis of preparation - *continued*

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1.

Going concern
The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment until March 2022 which indicate that, taking account of reasonably possible downsides and the anticipated impact of Covid19 on the operations and its financial resources and the company's ability to access funding through the group's centralised treasury arrangements, the Company will have sufficient funds to meet its liabilities as they fall due for that period. This assessment has taken into consideration the impact the Covid19 outbreak has had on both the Company, as well as the wider economy and include the potential impact of a continuing threat and further outbreaks.

The assessment is dependent on Pendragon PLC providing additional financial support during that period. Pendragon PLC has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the assessment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Company participates in the Pendragon group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries, and as a result is dependent on the Pendragon group. As a result, the directors have considered the wider impact on the Pendragon PLC group ("the Group") in their going concern assessment.

The Group has seen an improved trading position after lock-down restrictions were lifted in June as announced through the Group IMS on 23 October 2020. Despite this, the directors consider that the current economic outlook presents significant uncertainty in terms of sales volume and pricing and that each of Brexit, the threat from further Coronavirus lock-downs and the risk of rising unemployment when government support measures are withdrawn, present uncertainties to future trading conditions.

Whilst the Group directors have instituted measures to preserve cash there is uncertainty over future trading results and cash flows. The Group meets its day-to-day working capital requirements from a revolving credit facility of £175m and senior note of £60m together with manufacturer stocking facilities and cash balances. The revolving credit facility is due for renewal in March 2022 and includes quarterly leverage and fixed charge covenants, a breach of which would result in the amounts drawn becoming repayable on demand. The Group has not made use of government backed borrowing facilities such as the Coronavirus large business interruption loan scheme. The Group remained compliant with its banking covenants throughout 2020 to date.

Following the Corona virus lock-down in the first half of 2020 the Group instigated a number of mitigating actions to protect it against the financial impact of the closures and ensure compliance with covenants at the balance sheet date. This included drawing down on government support measures such as the Corona virus job retention scheme, utilising the retail discount scheme for rates and deferring VAT, as well as utilising support measures from vehicle manufacturers and stocking loan providers to extend vehicle payment periods. The Group also reviewed its level of planned capital expenditure and either cancelled or postponed certain projects.

In the context of the above, the Group Directors have prepared cash flow forecasts for the period to 31 March 2022 which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Group Directors have assessed the potential on-going impacts of the Coronavirus pandemic including the risk of further national lockdown coupled with the risk of there not being a comprehensive trade deal at the end of the Brexit transition period, leading to wider economic disruption.

The Directors of the Company have assessed the conclusions reached by the Group directors and agree with their conclusions.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(b) Investments. Investments held as fixed assets are stated at cost less any impairment losses. For Investments the recoverable amount is estimated at each balance sheet date. The recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

(c) Trade and other debtors. Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(d)Trade and other creditors. Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

(e) Impairment
Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is measured for impairment losses in accordance with IFRS 9 using an expected credit loss (ECL) model. The impairment model applies to financial assets measured at amortised cost. The calculation of ECLs are a probability-weighted estimate of credit losses. For trade receivables, the Company applies the simplified approach set out in IFRS 9 to measure expected credit losses using a lifetime expected credit loss allowance. The Company considered a trade or other receivables, including intercompany receivables, to be in default when the borrower is unlikely to pay its credit obligations to the Company in full after all reasonable actions have been taken to recover the debt.

Non-financial assets
The carrying amounts of the Company's non-financial 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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit 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 impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, 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 if there has been a change in the estimates used to determine the recoverable amount. 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 ACCOUNTING POLICIES

(f) Taxation. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

(g) Auditor's remuneration. Auditor's remuneration has been borne by Pendragon Management Services Limited, another group company. Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Pendragon PLC.

2 EMPLOYEES

The Company had no employees during the year (2018 : £nil) other than the directors.

No director of the Company received or waived any remuneration for services to the Company during the year (2018 : £nil).

All of the directors who served during the year are all directors of the parent company. These directors received no remuneration for their services to the Company as the service they provide to Godfrey Davis Motor Group Limited are incidental to the management roles they fulfil for the Pendragon Group.

3 INCOME FROM SUBSIDIARY UNDERTAKINGS

	2019 £000	unaudited 2018 £000
Dividends receivable	1,575	-

Dividends received of £1,575,000 are from subsidiary undertakings of the Company voluntarily struck off the Register of Companies during the year (see note 5).

4 TAXATION

	2019 £'000	unaudited 2018 £'000
UK corporation tax at the UK average statutory rate of 19.00% (2018 : 19.00%)		
Adjustments in respect of prior periods	-	-
Tax on profit/result for the year	-	-

Factors affecting the tax charge for the period:
The tax assessed is equal to (2018 : equal to) the standard rate of corporation tax in the UK of 19.00% (2018 : 19.00%). The differences are explained below:

	2019 £'000	unaudited 2018 £'000
Profit/result on ordinary activities before tax	306	-
Tax on profit/result at the UK average statutory rate of 19.00% (2018 : 19.00%)	58	-
Effects of:		
Investment income on which no tax liability arises	(58)	-
Total tax charge	-	-

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the Company's future tax charge.

The Company has no deferred tax balances (2018 : £nil).

5 INVESTMENTS

	Shares in subsidiary undertakings £000
Cost	
At 31 December 2018 - unaudited	6,800
Disposals	(1,660)
At 31 December 2019	5,140
Provision	
At 31 December 2018 - unaudited	3,537
Provision made during the year	664
At 31 December 2019	4,201
Net book value	
At 31 December 2019	939
At 31 December 2018 - unaudited	3,263

Shares in subsidiary undertakings are stated at cost less provision for any impairments in value.

Godfrey Davis Motor Group Limited owns directly 100% of the issued ordinary share capital of the following principal subsidiaries:
Incorporated in the United Kingdom and having a registered office at Loxley House, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR:

Company	Principal Activity
The McGill Group Limited	Dormant
G.E. Harper Limited	Dormant

During the year, the subsidiary undertakings listed below were voluntarily struck off the Register of Companies. The gross investment in these companies was £1,660,000. A loss of £605,000 has been recorded on the strike off of some of these companies in respect of unrecoverable receivables due to the Company. At the time of strike off, any distributable reserves of these companies were paid by way of a dividend to the Company which amounted to £1,575,000.

Clarks Garage (Narborough) Limited   Storm of Leicester Limited   Quicks (1997) Properties Limited

NOTES TO THE FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2019

5 **INVESTMENTS (continued)**

An annual impairment test to assess the carrying value of investments amount is undertaken. This value was determined by discounting the future cash flows generated from the continuing use of the investment and was based on the following key assumptions:

Future cash flows were projected into perpetuity with reference to the Company's forecasts from 2020 to 2022. The 2020 forecast was derived from the corporate plan, approved by the Board and compiled on a bottom up basis with reference to SMMT data. The 2021-2022 forecasts represent a projection from the 2020 bottom up forecast. The Company commissioned an independent third party expert valuer to perform calculations, based on the Pendragon Group's Board approved corporate plan, to test those forecasts. As a result of this process, the Company adopted a more prudent view of its future cashflows, for the purposes of impairment testing, compared to the Board approved corporate plan. The results of the impairment review indicated that the carrying values of the Company's investments exceed the higher of the fair value and value in use and therefore an impairment charge of £664,000 has been recognised (2018: £nil).

For the purpose of the impairment testing, a growth rate of 1.6% (2018: 2.0%) has been assumed beyond the business plan.

The discount rates are estimated to reflect current market estimates of the time value of money and is calculated after consideration of market information and risk adjusted for individual circumstances. The pre-tax discount rates used was 8.0% (2018: 13.4% to 18.4%).

6 **DEBTORS**

	2019	unaudited 2018
	£000	£000
Amounts owed by group undertakings	7,890	5,315

All amounts are due within one year.
Amounts owed by group undertakings are repayable on demand and bear no interest.

7 **CREDITORS : amounts falling due within one year**

	2019	unaudited 2018
	£000	£000
UK corporation tax	-	55

8 **CALLED UP SHARE CAPITAL**

	2019	unaudited 2018
	£000	£000
Allotted, called up and fully paid :		
10,102,469 (2018 : 10,102,469) ordinary shares of £1 each	10,102	10,102

9 **CONTINGENT LIABILITIES**

The Company is party to multi-lateral cross guarantees in respect of the indebtedness of Pendragon PLC and its UK subsidiaries in favour of certain lenders to the Group.

10 **ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of Pendragon PLC which is the ultimate parent company incorporated in the UK.
No other group financial statements include the results of the Company

11 **POST BALANCE SHEET EVENTS**

From March 2020 the UK was impacted by the outbreak of the Corona virus and resultant lock-downs. In accordance with IAS 10 the impact on the business of the Corona virus during 2020 is a non-adjusting event at the balance sheet date.