

Company Registration No. 2043705 (England and Wales)

HALLIWELL JONES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

HALLIWELL JONES LIMITED

COMPANY INFORMATION

Directors	P Jones G A Howes J M C Houghton
Secretary	M L Clough
Company number	2043705
Registered office	59/61 Southport Road Southport PR8 5JF
Auditor	MHA Moore and Smalley Hoghton Chambers Hoghton Street Southport PR9 0TB

HALLIWELL JONES LIMITED

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HALLIWELL JONES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Review of business

Results

The profit before taxation was £147,061 for the year compared with a profit of £174,400 for the previous year.

The directors believe the result represents a satisfactory performance, particularly given the relatively difficult trading environment that most franchised motor dealerships faced during 2018. The company remains exposed to the general economy and Government policy, particularly following the result of the Brexit vote and the ensuing turmoil experienced during 2018 and into 2019. The directors believe the company is equally as well placed as its competitors to deal with any challenges.

Analysis

Turnover was £69,650,509 compared to £70,918,714 in 2017, a decrease of 1.8%.

Gross Profit was £4,972,957 compared to £4,704,390 in 2017, an increase of 5.7%. Gross Profit percentage of turnover was 7.1% compared with 6.6% in 2017.

Administrative expenses were £4,690,835 compared to £4,383,434 in 2017, an increase of 7%.

Financial position

The directors believe that the balance sheet strength of the company gives it a secure base, which will allow further development of profits or security if the economy becomes more challenging.

Principal Risks and Uncertainties

We have set out below risk factors that we believe could cause our actual future results to differ materially from expected results. However, other factors could adversely affect the results and so the factors set out below should not be considered to be a complete set of all potential risks and uncertainties.

Business conditions and the general economy

The profitability of our company could be adversely affected by a worsening of general economic conditions in the United Kingdom; Brexit could impact upon general economic conditions. Factors such as unemployment, the level and volatility of equity markets, interest rates, inflation, action taken by the UK government relating to the taxation of vehicle purchasing and fuel for cars and the availability and cost of credit could significantly affect the market for the sale of new and used motor cars. Any changes by the UK government relating to the taxation of company cars and the provision of fuel for company cars may impact on sales activity. In the case of new car sales during a period of economic downturn there is likely to be an oversupply of vehicles leading to reduced margins. Whilst a short term worsening in economic conditions in the United Kingdom should not significantly adversely impact profitability in our aftersales business, a sustained downturn over a number of years would be likely to lead to reduced profits in this area.

Franchise agreements

We operate franchised BMW and MINI motor car dealerships. Franchises are awarded to us by the manufacturers. Failure to continue to hold franchises could result in a significant reduction in profits of the company due to our inability in this situation to source new stock to sell, perform warranty repairs and display manufacturer trade marks. The last five-yearly franchise contract renewal within the UK BMW and MINI dealer network was on 1st October 2018 and the directors hold the reasonable belief that they should be successful in renewing the next franchise agreements.

Vehicle manufacturer dependencies

We depend on the vehicle manufacturers' financial condition, marketing, vehicle design, production and distribution capabilities, reputation, management and industrial relations. A failure by a manufacturer in the areas noted could lead to significant losses especially in the case of the insolvency of a manufacturer. Vehicle manufacturers provide sales incentives, warranty and other programs that are intended to promote new vehicle sales. A withdrawal or reduction in these programs would have an adverse impact on our business. The directors are not aware of any significant issues with respect to the vehicle manufacturer dependency relationship.

HALLIWELL JONES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Liquidity and financing

Liquidity and financing risks relate to our ability to pay for goods and services required to trade on a day to day basis. We have three main sources of financing facilities which are, from banks and BMW Financial Services (GB) Limited by way of committed borrowing facilities and from suppliers by way of trade credit. A withdrawal of financing facilities or a failure to renew them as they expire could lead to a significant reduction in the trading ability of the company. The directors are not aware of any reason to suggest that the company will have any issues with regards to liquidity and financing.

Regulatory compliance risk

The Company is subject to regulatory compliance risk which can arise from a failure to comply fully with the laws, regulations or codes applicable, for example those set out by the Financial Conduct Authority. Non compliance can lead to fines, enforced suspension from sales of general insurance products or public reprimand.

Competition

We compete with other franchised vehicle dealerships, private buyers and sellers, internet based dealers, independent service and repair shops and manufacturers who have entered the retail market. We compete for the sale of new and used vehicles, the performance of warranty repairs, non warranty repairs, routine maintenance business and for the provision of spare parts. The principal competitive factors in service and parts sales are price, customer database, familiarity with a manufacturer's brands and models and the quality of customer service. We also compete with a range of financial institutions in arranging finance for vehicle purposes. Some of our competitors may have greater resources and lower overheads and sales costs. This could lead to our failure to be able to compete and result in a reduction in our profitability.

Reliance on certain members of management and staff

The Company is dependant on members of its senior management team and skilled personnel and the future financial well being of the Company could depend in part on our ability to attract and retain highly skilled management and personnel. The loss of the service of a number of such individuals could have a material adverse effect on the business. Additionally, if we fail to recruit and retain skilled staff it may not be possible to continue to grow the business.

Failure of information systems

Our business is dependent on the efficient and uninterrupted operation of our information technology and computer systems, which are vulnerable to damage or interruption from power loss, telecommunications failure, sabotage, vandalism or similar misconduct. Whilst we have put in place contingency and recovery plans in order to mitigate the impact of such failures it can never be certain that these plans could cover every eventuality or situation.

Future developments

The directors look for continued profitability during 2019.

On behalf of the board

G A Howes
Director

20 September 2019

HALLIWELL JONES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities

The principal activity of the company continued to be that of a franchised dealer and repairer of motor vehicles.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Jones
G A Howes
J M C Houghton

The company is a wholly owned subsidiary of Halliwell Jones Holdings Limited, a company in which P Jones holds a controlling interest.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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 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.

HALLIWELL JONES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

G A Howes
Director

20 September 2019

HALLIWELL JONES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF HALLIWELL JONES LIMITED

Opinion

We have audited the financial statements of Halliwell Jones Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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.

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.

HALLIWELL JONES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF HALLIWELL JONES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

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

HALLIWELL JONES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF HALLIWELL JONES LIMITED

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Virginia Cooper (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Hoghton Chambers
Hoghton Street
Southport
PR9 0TB

20 September 2019

HALLIWELL JONES LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Turnover	3	69,650,509	70,918,714
Cost of sales		(64,677,552)	(66,214,324)
Gross profit		<u>4,972,957</u>	<u>4,704,390</u>
Administrative expenses		(4,690,835)	(4,383,434)
Operating profit	4	<u>282,122</u>	<u>320,956</u>
Interest receivable and similar income	8	3,846	230
Interest payable and similar expenses	9	(138,907)	(146,786)
Profit before taxation		<u>147,061</u>	<u>174,400</u>
Tax on profit	10	(51,921)	(47,244)
Profit for the financial year		<u><u>95,140</u></u>	<u><u>127,156</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

HALLIWELL JONES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12		5,342,224		5,426,090
Current assets					
Stocks	13	11,972,238		10,686,309	
Debtors	14	1,389,582		1,810,139	
Cash at bank and in hand		1,232,680		949,333	
		<u>14,594,500</u>		<u>13,445,781</u>	
Creditors: amounts falling due within one year	15	<u>(12,612,545)</u>		<u>(11,643,247)</u>	
Net current assets			<u>1,981,955</u>		<u>1,802,534</u>
Total assets less current liabilities			<u>7,324,179</u>		<u>7,228,624</u>
Provisions for liabilities	17		<u>(70,297)</u>		<u>(69,882)</u>
Net assets			<u><u>7,253,882</u></u>		<u><u>7,158,742</u></u>
Capital and reserves					
Called up share capital	20		100,000		100,000
Revaluation reserve			236,933		241,654
Profit and loss reserves			<u>6,916,949</u>		<u>6,817,088</u>
Total equity			<u><u>7,253,882</u></u>		<u><u>7,158,742</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 September 2019 and are signed on its behalf by:

G A Howes
Director

Company Registration No. 2043705

HALLIWELL JONES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2017	100,000	246,375	6,685,211	7,031,586
Year ended 31 December 2017:				
Profit and total comprehensive income for the year	-	-	127,156	127,156
Transfers	-	(4,721)	4,721	-
Balance at 31 December 2017	100,000	241,654	6,817,088	7,158,742
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	95,140	95,140
Transfers	-	(4,721)	4,721	-
Balance at 31 December 2018	100,000	236,933	6,916,949	7,253,882

HALLIWELL JONES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	24	1,038,464		1,200,796	
Interest paid		(138,907)		(146,786)	
Income taxes paid		(54,391)		(108,797)	
Net cash inflow from operating activities		845,166		945,213	
Investing activities					
Purchase of tangible fixed assets		(164,142)		(148,998)	
Interest received		3,846		230	
Net cash used in investing activities		(160,296)		(148,768)	
Financing activities					
Movement on vehicle finance loans		(401,523)		(21,980)	
Net cash used in financing activities		(401,523)		(21,980)	
Net increase in cash and cash equivalents		283,347		774,465	
Cash and cash equivalents at beginning of year		949,333		174,868	
Cash and cash equivalents at end of year		1,232,680		949,333	

HALLIWELL JONES LIMITED

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

1 Accounting policies

Company information

Halliwell Jones Limited is a private company limited by shares incorporated in England and Wales. The registered office is 59/61 Southport Road, Southport, PR8 5JF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have transferred to the buyer; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years straight line excluding land
Plant and machinery	3 to 10 years straight line
Fixtures and fittings	3 to 10 years straight line
Computer equipment	3 to 10 years straight line
Motor vehicles	4 to 5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of vehicles and parts represents the purchase price plus any additional costs incurred. Where necessary, provision is made for obsolete, slow moving and defective stock.

Vehicles on consignment are included in stock when substantially all of the principal benefits and inherent risks rest with the company. The corresponding liability is included under creditors.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

All of the company's financial assets are classed as basic financial assets.

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

All of the company's financial liabilities are classed as basic financial liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Valuation and life of tangible fixed assets

Determining both the useful economic life and the residual value of tangible fixed assets requires an estimation of both the length of time that the company expects to use the asset for and the future selling price that the company expects to be achieved for the asset at the end of the useful economic life. These are reviewed annually on an asset by asset basis. There is not expected to be a material difference in the value of the assets given the estimations used.

Used stock valuations

Stocks are stated at the lower of cost and net realisable value. The value of all used vehicles as well as the provision for slow moving and obsolete stock can have significant influence on the stock valuation in the financial statements. A comprehensive review of the stock holding is carried out regularly.

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	69,650,509	70,918,714
	<u> </u>	<u> </u>
	2018	2017
	£	£
Other significant revenue		
Interest income	3,846	230
	<u> </u>	<u> </u>

Turnover is derived from activities in the UK.

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	248,008	230,722
Cost of stocks recognised as an expense	64,677,552	66,214,324
Operating lease charges	3,269	7,200
	<u> </u>	<u> </u>

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	11,350	11,000
For other services		
All other non-audit services	8,550	7,029

6 Employees

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

	2018 Number	2017 Number
Directors	3	3
Administration	15	14
Sales Service and Parts	72	68
	90	85

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,351,154	2,242,256
Social security costs	227,535	227,444
Pension costs	27,946	15,389
	2,606,635	2,485,089

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	12,586	6,943

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	3,846	126
Interest receivable from group companies	-	104
	<u>3,846</u>	<u>230</u>
Total income	<u><u>3,846</u></u>	<u><u>230</u></u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3,846	230
	<u><u>3,846</u></u>	<u><u>230</u></u>

9 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Bank interest	-	2,672
Other finance costs:		
Stocking interest	111,805	100,691
Other interest	27,102	43,423
	<u>138,907</u>	<u>146,786</u>
	<u><u>138,907</u></u>	<u><u>146,786</u></u>

10 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	51,506	54,390
Adjustments in respect of prior periods	-	6,479
	<u>51,506</u>	<u>60,869</u>
Total current tax	<u><u>51,506</u></u>	<u><u>60,869</u></u>
Deferred tax		
Origination and reversal of timing differences	415	(13,625)
	<u>415</u>	<u>(13,625)</u>
Total tax charge	<u><u>51,921</u></u>	<u><u>47,244</u></u>

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	147,061	174,400
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	27,942	33,572
Tax effect of expenses that are not deductible in determining taxable profit	2,356	3,192
Adjustments in respect of prior years	-	6,479
Effect of change in corporation tax rate	(49)	-
Depreciation on assets not qualifying for tax allowances	21,672	23,981
Deferred tax adjustments in respect of prior years	-	(7,890)
Deferred tax re changes in tax rates	-	(12,090)
Taxation charge for the year	51,921	47,244

No provision has been made for deferred tax on gains recognised on adopting a previous revaluation as deemed cost as, in the opinion of the directors, no liability would become payable should the property be disposed of at the revalued amount.

11 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,223,029	1,752,166
Carrying amount of financial liabilities		
Measured at amortised cost	12,289,586	11,341,339

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2018	5,792,754	430,498	537,535	178,924	69,441	7,009,152
Additions	-	6,134	100,025	8,045	49,938	164,142
At 31 December 2018	5,792,754	436,632	637,560	186,969	119,379	7,173,294
Depreciation and impairment						
At 1 January 2018	860,346	260,481	268,778	143,859	49,598	1,583,062
Depreciation charged in the year	122,193	41,128	67,297	13,655	3,735	248,008
At 31 December 2018	982,539	301,609	336,075	157,514	53,333	1,831,070
Carrying amount						
At 31 December 2018	4,810,215	135,023	301,485	29,455	66,046	5,342,224
At 31 December 2017	4,932,408	170,017	268,757	35,065	19,843	5,426,090

Historical cost

Freehold property

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	5,470,840	5,470,840
Accumulated depreciation	(897,558)	(780,086)
Carrying value	4,573,282	4,690,754

Freehold property is included at a previous valuation which has been adopted as deemed cost at the date of transition to FRS 102.

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Stocks

	2018 £	2017 £
Motor vehicles	10,353,948	8,892,079
Motor vehicles on consignment	1,480,776	1,552,637
Parts and accessories	137,514	241,593
	<u>11,972,238</u>	<u>10,686,309</u>

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,051,701	809,931
Parent undertaking	145,887	145,887
Due from associated companies	25,441	796,348
Prepayments and accrued income	166,553	57,973
	<u>1,389,582</u>	<u>1,810,139</u>

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Other borrowings	16	1,716,043	2,117,566
Trade creditors		6,877,564	6,107,273
Consignment creditor		1,480,776	1,552,637
Due to associated companies		1,182,413	1,327,463
Corporation tax		51,505	54,390
Other taxation and social security		271,454	247,518
Deposits in advance		22,841	18,233
Accruals and deferred income		1,009,949	218,167
		<u>12,612,545</u>	<u>11,643,247</u>

Vehicle stocking finance is secured by a charge on the vehicles concerned. Consignment liabilities are secured upon the stocks concerned.

16 Loans and overdrafts

	2018 £	2017 £
Used/demonstrator vehicle finance loans	<u>1,716,043</u>	<u>2,117,566</u>
Payable within one year	<u>1,716,043</u>	<u>2,117,566</u>

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	18	70,297	69,882
		<u>70,297</u>	<u>69,882</u>

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	70,728	70,277
Retirement benefit obligations	(431)	(395)
	<u>70,297</u>	<u>69,882</u>
Movements in the year:		2018 £
Liability at 1 January 2018		69,882
Charge to profit or loss		415
		<u>70,297</u>
Liability at 31 December 2018		<u>70,297</u>

It is not possible to quantify the amounts expected to reverse over the upcoming twelve months owing to uncertainties over capital expenditure of the company.

19 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	27,946	15,389
	<u>27,946</u>	<u>15,389</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Financial commitments, guarantees and contingent liabilities

There are unlimited cross company guarantees on bank borrowing facilities and loans between Halliwell Jones Limited, Halliwell Jones (Chester) Limited, Halliwell Jones (Warrington) Limited, Halliwell Jones (North Wales) Limited, Halliwell Jones Holdings Limited, Halliwell Jones Holdings (Chester) Limited, Halliwell Jones (Wilmslow) Limited, Halliwell Jones (Wilmslow) Bodyshop Limited and Roundel Limited.

The potential liability at 31st December 2018 under this guarantee is £11,617,686.

Security is as detailed in note 15.

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	13,182	7,056

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2018 £	2017 £	2018 £	2017 £
Other related parties	3,668,929	5,111,002	11,771,549	12,479,062

	Interest paid	
	2018 £	2017 £
Other related parties	27,101	73,423

During the year the company sold four vehicles at cost to two directors totalling £178,901 and purchased two vehicles from a director totalling £93,580.

The following amounts were outstanding at the reporting end date:

	2018 £	2017 £
Amounts due to related parties		
Other related parties	1,182,413	1,327,463

HALLIWELL JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2018 £	2017 £
Amounts due from related parties		
Other related parties	171,328	942,235

23 Ultimate controlling party

The ultimate parent company is Halliwell Jones Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. This company is under the control of P Jones.

24 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	95,140	127,156
Adjustments for:		
Taxation charged	51,921	47,244
Finance costs	138,907	146,786
Investment income	(3,846)	(230)
Depreciation and impairment of tangible fixed assets	248,008	230,722
Movements in working capital:		
(Increase) in stocks	(1,285,929)	(478,378)
Decrease in debtors	420,557	521,647
Increase in creditors	1,373,706	605,849
Cash generated from operations	1,038,464	1,200,796

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.