

REGISTERED NUMBER: 02043705 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
HALLIWELL JONES LIMITED**

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**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)**

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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# HALLIWELL JONES LIMITED

## COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2017

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**Directors:**

P Jones  
G A Howes  
J M C Houghton

**Secretary:**

Mrs M L Clough

**Registered office:**

59/61 Southport Road  
Southport  
Merseyside  
PR8 5JF

**Registered number:**

02043705 (England and Wales)

**Auditors:**

MHA Moore and Smalley  
Statutory Auditor  
Hoghton Chambers  
Hoghton Street  
Southport  
PR9 0TB

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their strategic report for the year ended 31 December 2017.

**Review of business**

**Results**

The profit before taxation was £174,400 for the year compared with a profit of £457,110 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 2017, including within the BMW network. The company remains exposed to the general economy and Government policy, particularly following the result of the Brexit vote. The directors believe the company is equally as well placed as its competitors to deal with any challenges.

**Analysis**

Turnover was £70,918,714 compared to £66,435,570 in 2016, an increase of 6.7%.

Gross Profit was £4,704,390 compared to £4,937,784 in 2016, a decrease of 4.7%. Gross Profit percentage of turnover was 6.6% compared with 7.4% in 2016.

Administrative expenses were £4,383,434 compared to £4,335,348 in 2016, a decrease of 1.1%.

**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.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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 then to source new stock to sell, perform warranty repairs and display manufacturer trade marks. The next five-yearly franchise contract renewal within the UK BMW and MINI dealer network is on 1st October 2018 and the directors hold the reasonable belief that they should be successful in renewing these 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.

**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.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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 2018.

**On behalf of the board:**



G A Howes - Director

25 September 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report with the financial statements of the company for the year ended 31 December 2017.

**Principal activity**

The principal activity of the company in the year under review was that of a franchised dealer and repairer of motor vehicles.

**Dividends**

No dividends will be distributed for the year ended 31 December 2017.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

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.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, the Report of the directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 (REGISTERED NUMBER: 02043705)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and 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.

**On behalf of the board:**



G A Howes - Director

25 September 2018



## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HALLIWELL JONES LIMITED

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### Opinion

We have audited the financial statements of Halliwell Jones Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement and Notes to the cash flow statement, 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 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 in the Strategic report and the Report of the directors, but does not include the financial statements and our Report of the auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

### Opinion on other matters prescribed by the Companies Act 2006

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

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

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HALLIWELL JONES LIMITED

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

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

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 Statement of directors' responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

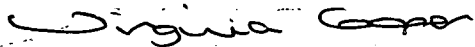
### **Auditors' responsibilities for the audit of the financial statements**

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

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

### **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 a Report of the auditors 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.



Virginia Cooper (Senior Statutory Auditor)  
for and on behalf of MHA Moore and Smalley  
Statutory Auditor  
Hoghton Chambers  
Hoghton Street  
Southport  
PR9 0TB

25 September 2018

**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Turnover	3	70,918,714	66,435,570
Cost of sales		<u>66,214,324</u>	<u>61,497,786</u>
Gross profit		4,704,390	4,937,784
Administrative expenses		<u>4,383,434</u>	<u>4,335,348</u>
		320,956	602,436
Other operating income		-	12,450
Operating profit	5	320,956	614,886
Interest receivable and similar income		230	4,302
		<u>321,186</u>	<u>619,188</u>
Interest payable and similar expenses	6	146,786	162,078
Profit before taxation		174,400	457,110
Tax on profit	7	47,244	99,026
Profit for the financial year		127,156	358,084
Other comprehensive income		-	-
Total comprehensive income for the year		<u>127,156</u>	<u>358,084</u>

The notes form part of these financial statements

**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)**

**BALANCE SHEET**  
**31 DECEMBER 2017**

		2017	2016
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	8	5,426,090	5,507,814
<b>Current assets</b>			
Stocks	9	10,686,309	10,207,931
Debtors	10	1,810,139	2,331,786
Cash at bank and in hand		949,333	174,868
		<u>13,445,781</u>	<u>12,714,585</u>
<b>Creditors</b>			
Amounts falling due within one year	11	<u>11,643,247</u>	<u>11,107,306</u>
<b>Net current assets</b>		<u>1,802,534</u>	<u>1,607,279</u>
<b>Total assets less current liabilities</b>		<u>7,228,624</u>	<u>7,115,093</u>
<b>Provisions for liabilities</b>	14	<u>69,882</u>	<u>83,507</u>
<b>Net assets</b>		<u><u>7,158,742</u></u>	<u><u>7,031,586</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	100,000	100,000
Revaluation reserve	16	241,654	246,375
Retained earnings	16	<u>6,817,088</u>	<u>6,685,211</u>
<b>Shareholders' funds</b>		<u><u>7,158,742</u></u>	<u><u>7,031,586</u></u>

The financial statements were approved by the Board of Directors on 25 September 2018 and were signed on its behalf by:



G A Howes - Director

The notes form part of these financial statements

**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1 January 2016</b>	100,000	6,322,406	251,096	6,673,502
<b>Changes in equity</b>				
Total comprehensive income	-	362,805	(4,721)	358,084
<b>Balance at 31 December 2016</b>	100,000	6,685,211	246,375	7,031,586
<b>Changes in equity</b>				
Total comprehensive income	-	131,877	(4,721)	127,156
<b>Balance at 31 December 2017</b>	100,000	6,817,088	241,654	7,158,742

The notes form part of these financial statements

**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,200,796	(712,618)
Interest paid		(146,786)	(162,078)
Tax paid		(108,797)	42,213
Net cash from operating activities		<u>945,213</u>	<u>(832,483)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(148,998)	(125,447)
Interest received		230	4,302
Net cash from investing activities		<u>(148,768)</u>	<u>(121,145)</u>
<b>Cash flows from financing activities</b>			
Movement on vehicle finance loans		(21,980)	433,729
Net cash from financing activities		<u>(21,980)</u>	<u>433,729</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>774,465</u>	<u>(519,899)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	174,868	694,767
<b>Cash and cash equivalents at end of year</b>	2	<u><u>949,333</u></u>	<u><u>174,868</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. Reconciliation of profit before taxation to cash generated from operations**

	2017	2016
	£	£
Profit before taxation	174,400	457,110
Depreciation charges	230,722	240,203
Finance costs	146,786	162,078
Finance income	(230)	(4,302)
	<u>551,678</u>	<u>855,089</u>
Increase in stocks	(478,378)	(686,581)
Decrease/(increase) in trade and other debtors	521,647	(290,721)
Increase/(decrease) in trade and other creditors	605,849	(590,405)
	<u>1,200,796</u>	<u>(712,618)</u>
<b>Cash generated from operations</b>	<b>1,200,796</b>	<b>(712,618)</b>

**2. Cash and cash equivalents**

The amounts disclosed on the Cash flow statement in respect of cash and cash equivalents are in respect of these Balance sheet amounts:

**Year ended 31 December 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>949,333</u>	<u>174,868</u>

**Year ended 31 December 2016**

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>174,868</u>	<u>694,767</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. Company information**

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

**2. Accounting policies**

**Basis of preparing the financial statements**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, modified to include certain items at fair value.

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

**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.

**Significant judgements and estimates**

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.

**Key sources of estimation uncertainty**

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.



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. Accounting policies - continued

**Turnover**

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

Revenue from the sale of goods is recognised when the 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.

**Tangible fixed assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

**Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

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
Motor vehicles	- 4 to 5 years straight line
Computer equipment	- 3 to 10 years straight line

**Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. Accounting policies - continued

**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.

**Current and deferred tax**

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 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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Pension costs and other post-retirement benefits**

The company operates defined contribution schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. Accounting policies - continued

**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 statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other receivables 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.

**Other financial assets**

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

**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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**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 trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Other financial liabilities**

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

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies - continued

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

**Equity instruments**

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

3. Turnover

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Sale of goods	70,918,714	66,435,570

4. Employees and directors

	2017 £	2016 £
Wages and salaries	2,242,256	2,127,745
Social security costs	227,444	212,442
Other pension costs	15,389	14,092
	<u>2,485,089</u>	<u>2,354,279</u>

The average number of employees during the year was as follows:

	2017	2016
Directors	3	3
Administration	14	14
Sales Service and Parts	68	65
	<u>85</u>	<u>82</u>

	2017 £	2016 £
Directors' remuneration	<u>6,943</u>	<u>35,823</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	230,722	240,203
Cost of stocks recognised as an expense	66,214,324	61,497,786
Fees payable to the company's auditor for the audit of the company's annual accounts	11,000	11,186
- Other services pursuant to legislation	6,329	7,600
- Other services relating to taxation	700	700
	<u>78,266</u>	<u>79,769</u>

6. Interest payable and similar expenses

	2017	2016
	£	£
Bank interest	2,672	-
Stocking loan interest	100,691	103,316
Other interest	43,423	58,762
	<u>146,786</u>	<u>162,078</u>

7. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	54,390	106,725
Adjustment in respect of prior year	6,479	(4,407)
Total current tax	60,869	102,318
Deferred tax	(13,625)	(3,292)
Tax on profit	<u>47,244</u>	<u>99,026</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

## 7. Taxation - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	174,400	457,110
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	33,572	91,422
Effects of:		
Expenses not deductible for tax purposes	3,192	519
Adjustments to tax charge in respect of previous periods	6,479	(4,407)
Depreciation and loss on disposal of non qualifying assets	23,981	20,869
Deferred tax (over)/underprovision in prior years	(7,890)	(9,377)
Deferred tax re changes in tax rates	(12,090)	-
Total tax charge	47,244	99,026

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.

## 8. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>Cost</b>			
At 1 January 2017	5,792,754	386,723	454,597
Additions	-	43,775	82,938
At 31 December 2017	5,792,754	430,498	537,535
<b>Depreciation</b>			
At 1 January 2017	737,428	222,140	218,203
Charge for year	122,918	38,341	50,575
At 31 December 2017	860,346	260,481	268,778
<b>Net book value</b>			
At 31 December 2017	4,932,408	170,017	268,757
At 31 December 2016	5,055,326	164,583	236,394

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

8. Tangible fixed assets - continued

	Motor vehicles £	Computer equipment £	Totals £
<b>Cost</b>			
At 1 January 2017	69,441	156,639	6,860,154
Additions	-	22,285	148,998
At 31 December 2017	69,441	178,924	7,009,152
<b>Depreciation</b>			
At 1 January 2017	45,863	128,706	1,352,340
Charge for year	3,735	15,153	230,722
At 31 December 2017	49,598	143,859	1,583,062
<b>Net book value</b>			
At 31 December 2017	19,843	35,065	5,426,090
At 31 December 2016	23,578	27,933	5,507,814

Included in cost of land and buildings is freehold land of £1,692,442 (2016 - £1,692,442) which is not depreciated.

**Historical cost**

In respect of tangible assets held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold Property £
At 31 December 2017	4,690,754
At 31 December 2016	4,809,843

9. Stocks

	2017 £	2016 £
Motor vehicles	8,892,079	9,480,486
Motor vehicles on consignment	1,552,637	516,411
Parts and accessories	241,593	211,034
	<u>10,686,309</u>	<u>10,207,931</u>

**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017****10. Debtors: amounts falling due within one year**

	2017	2016
	£	£
Trade debtors	809,931	1,854,831
Parent undertaking	145,887	145,887
Due from associated companies	796,348	-
VAT	-	59,578
Prepayments and accrued income	57,973	271,490
	<u>1,810,139</u>	<u>2,331,786</u>

**11. Creditors: amounts falling due within one year**

	2017	2016
	£	£
Other loans (see note 12)	2,117,566	2,139,546
Trade creditors	6,107,273	5,103,167
Corporation tax	54,390	102,318
Social security and other taxes	247,518	76,854
Consignment creditor	1,552,637	516,411
Due to associated companies	1,327,463	2,796,787
Deposits in advance	18,233	34,816
Accrued expenses	218,167	337,407
	<u>11,643,247</u>	<u>11,107,306</u>

**12. Loans**

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Used/ demonstrator vehicle finance loans	2,117,566	2,139,546
	<u>2,117,566</u>	<u>2,139,546</u>

**13. Secured debts**

The following secured debts are included within creditors:

	2017	2016
	£	£
Used/ demonstrator vehicle finance loans	2,117,566	2,139,546
Consignment liabilities	1,552,637	516,411
	<u>3,670,203</u>	<u>2,655,957</u>

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



**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. Provisions for liabilities**

	2017 £	2016 £
Deferred tax	<u>69,882</u>	<u>83,507</u>
		Deferred tax £
Balance at 1 January 2017		83,507
Accelerated capital allowances		(13,625)
Balance at 31 December 2017		<u>69,882</u>

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

**15. Called up share capital**

Allotted, issued and fully paid:			2017 £	2016 £
Number:	Class:	Nominal value: £1		
100,000	Ordinary		<u>100,000</u>	<u>100,000</u>

**16. Reserves**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2017	6,685,211	246,375	6,931,586
Profit for the year	127,156		127,156
Transfer to profit and loss in respect of depreciation charged on revalued assets	4,721	(4,721)	-
At 31 December 2017	<u>6,817,088</u>	<u>241,654</u>	<u>7,058,742</u>

**17. Ultimate parent company**

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.

**18. 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 2017 under this guarantee is £22,226,639.

Security is as detailed in the Secured Debts note above.

**HALLIWELL JONES LIMITED (REGISTERED NUMBER: 02043705)****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017****19. Related party disclosures**

Halliwell Jones Limited supplies and receives goods and services from the following related companies. The companies are related through directors in common.

	2017 £	2016 £
Goods and services supplied to related companies amounted to:		
Halliwell Jones (Chester) Limited	1,143,024	1,020,521
Halliwell Jones (Warrington) Limited	855,927	798,603
Halliwell Jones (North Wales) Limited	932,597	283,456
Halliwell Jones (Wilmslow) Limited	2,179,454	1,271,836
Halliwell Jones (Wilmslow) Bodyshop Limited	-	168

Goods and services received from related companies amounted to:

Halliwell Jones (Chester) Limited	3,827,323	3,339,151
Halliwell Jones (Warrington) Limited	3,816,223	4,390,670
Halliwell Jones (North Wales) Limited	1,085,605	1,757,887
Halliwell Jones (Wilmslow) Limited	3,827,093	2,153,853
Halliwell Jones (Wilmslow) Bodyshop Limited	22,818	31,596

Debtors include the following balances owed by related companies

Halliwell Jones (Chester) Limited	271,954	-
Halliwell Jones (North Wales) Limited	59,178	-
Halliwell Jones (Wilmslow) Limited	465,095	-
Halliwell Jones (Wilmslow) Bodyshop Limited	121	-
Halliwell Jones Holdings Limited	145,887	145,887

Creditors include the following balances owed to related companies

Halliwell Jones (Chester) Limited	-	34,626
Halliwell Jones (Warrington) Limited	1,327,463	1,598,813
Halliwell Jones (North Wales) Limited	-	1,013,308
Halliwell Jones (Wilmslow) Limited	-	141,517
Halliwell Jones (Wilmslow) Bodyshop Limited	-	8,523

During the year the company maintained various loans with related companies. Interest of £43,423 (2016 £58,762) has been debited to profit and loss.

The above arrangements were on arms' length commercial terms.

The key management personnel are considered to be the directors only. Total remuneration (including benefits in kind) in respect of these individuals was £7,056.