

Company Registration No. 02182711 (England and Wales)

Western Counties Automobile Company Limited

**Annual report and
group financial statements
for the year ended 31 December 2020**

Western Counties Automobile Company Limited

Company information

Directors	Peter Lovett Julian Winterburn
Secretary	Julian Winterburn
Company number	02182711
Registered office	The Copse Frankland Road Swindon Wiltshire SN5 8YW
Independent auditor	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

Western Counties Automobile Company Limited

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Western Counties Automobile Company Limited

Strategic report

For the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

On 30 November, the company acquired 9,821,938 ordinary £1 shares in Dick Lovett Companies Limited subsidiaries in a share for share exchange, as part of a group re-organisation. This has resulted in a new intermediary holding company being formed and we present the position of this new group. The comparative figures, for the consolidated financial statements, presented in this annual report for the year ended 31 December 2019 are for Western Counties Automobile Company Limited and its subsidiary companies, the businesses of which were acquired by the Company as part of the share for share exchange. For the year ended 31 December 2020, the consolidated figures represent the results of the underlying business for the whole financial period before and after acquisition by the Company at the time of the share for share exchange. Merger accounting principles have been adopted. The financial statements have been compiled on this basis to provide useful comparative information to the readers.

The strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Western Counties Automobile Company Limited and its subsidiary undertakings when viewed as a whole.

Fair review of the business

2020 saw a difficult year with the impacts of the Coronavirus causing the business to have to close all of the dealerships for a period of time, which in turn impacted the number of cars sold in the year, which resulted in a decrease in turnover to £566m compared to £618m in 2019. However despite the fall in turnover, trading pre-tax profits grew year over year from £7.5 million to £14.3 million which given the reduction in car sales combined with the political and economic uncertainty for the majority of the year was particularly encouraging and reflected a strong performance across all brands in the Group. All brands saw year over year improvement in profitability. 2020 saw the continuing development and growth of the JLR business with profit achieved in the year in line with target. The Group continues to reinvest in the business for future growth and net assets rose by £9 million to circa £41 million in the year. Stocks reduced in the year through appropriate stock management. The business continues to significantly reduce long term loans despite making several large capital investments in 2020.

Coronavirus has impacted the Company's activities during the year. The number one priority has been to ensure that every dealership can operate in a safe and compliant manner for all employees and customers and has made appropriate investment in new layouts and personal protective equipment. The requirement to close all of the dealerships for a period during the pandemic was a test of the Group's liquidity but as this has had no significant impact on the business being able to trade the directors believe that this has showed the strength and resilience of the business for the long term.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. These include major changes in the general economic climate and the supply of new cars from the manufacturers with whom the group deals.

Key performance indicators

The directors are of the opinion that, given the straightforward nature of the business, analysis using non financial KPIs is not necessary or appropriate for an understanding of the development and performance of the company. The directors consider the KPIs in the business review sufficient to enable a considered view of the company's performance to be undertaken.

Western Counties Automobile Company Limited

Strategic report (continued)

For the year ended 31 December 2020

Section 172 statement

The Directors have carefully considered their duties under section 172 reporting.

In 2020 the business has made a significant investment in IT to improve the communication infrastructure both for employees and customers which was a principle factor in the successful business operations in 2020 allowing employees to work remotely and customers to transact with the business on line. In order to ensure the business continues to operate within world class facilities investment was made in the Ferrari and Swindon BMW dealerships in 2020.

It is of key importance to the company to maintain a reputation of supplying high quality products and services to customers and this can be seen with the high quality brands in the company's portfolio. To ensure the continuation of high quality services in 2020 there has been a significant investment in training in all departments, in addition the company continues to believe having an established apprentice programme is essential for long term success.

The Directors recognise that its employees are fundamental to our business and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The Directors factor and communicate the implications of decisions on employees where relevant and feasible.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, and government bodies. The Board continually assess the priorities related to customers and engages with them to ensure the relevance of our business strategy and investment policies. We monitor our suppliers to ensure our product and service supply is maintained to our documented standard whilst also adhering to the required payment practices.

The Company assesses the impact of its operations on the community and the environment by continually reviewing working practices.

This year the company has continued to work with a number of local charities particularly focused around our dealerships primarily through the Lovett Foundation charity, with particular focus in 2020 in supporting families affected by the pandemic.

The Directors are satisfied that all section 172 matters are given appropriate and effective consideration with the necessary structures, policies and processes in place to promote a successful company.

On behalf of the board

Julian Winterburn

Director

17 May 2021

Western Counties Automobile Company Limited

Directors' report

For the year ended 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the group during the year continued to be that of the sale and maintenance of BMW, MINI, Porsche, Ferrari, Aston Martin, Jaguar and Land Rover vehicles in the United Kingdom.

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £2,500,000 (2019: £2,700,000). The directors do not recommend payment of a further dividend.

Directors

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

Peter Lovett

Julian Winterburn

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set out by the board of directors are implemented by the company's finance department. The department has a policies and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Liquidity risk

The Group actively maintains a mixture of long term and short term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate and cash flow risk

The Group has interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a floating rate. The Group has a policy of maintaining debt at both fixed and variable rates. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Western Counties Automobile Company Limited

Directors' report (continued)

For the year ended 31 December 2020

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Post reporting date events

Post year end a fire out broke out in our Landrover showroom of Dick Lovett (Avon) Limited, causing smoke damage which has resulted in it being closed in order for the refurbishment to take place. We are continuing to trade in temporary facilities, however the financial impact at this stage is unknown.

Future developments

Although the market has in the short term been affected by the Covid-19 pandemic the directors expect the level of activity to recover in the long term. The group continues to develop its core activities with the acquisition in land at Melksham in 2019 for future development and continues to look for new franchise opportunities in or close to the geographical area.

Auditor

In accordance with the company's articles, a resolution proposing that Saffery Champness LLP be reappointed as auditor of the group will be put at a General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of business review, principal risks and uncertainties and key performance indicators.

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 auditor of the company 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 auditor of the company is aware of that information.

Western Counties Automobile Company Limited

Directors' report (continued)
For the year ended 31 December 2020

On behalf of the board

Julian Winterburn
Director

17 May 2021

Western Counties Automobile Company Limited

Directors' responsibilities statement For the year ended 31 December 2020

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 group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Western Counties Automobile Company Limited

Independent auditor's report

To the members of Western Counties Automobile Company Limited

Opinion

We have audited the financial statements of Western Counties Automobile Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 group and of the parent company's affairs as at 31 December 2020 and of the group's 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Western Counties Automobile Company Limited

Independent auditor's report (continued)

To the members of Western Counties Automobile Company Limited

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 group and the parent company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Western Counties Automobile Company Limited

Independent auditor's report (continued)

To the members of Western Counties Automobile Company Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group and parent company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and by updating our understanding of the sector in which the group and parent company operates.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Western Counties Automobile Company Limited

Independent auditor's report (continued)

To the members of Western Counties Automobile Company Limited

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed

Neil Davies (Senior Statutory Auditor)

For and on behalf of Saffery Champness LLP

17 May 2021

Chartered Accountants

Statutory Auditors

St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

Western Counties Automobile Company Limited

Group statement of comprehensive income
For the year ended 31 December 2020

		2020	2019
	Notes	£'000	£'000
Turnover	3	566,180	617,652
Cost of sales		(520,822)	(569,487)
Gross profit		45,358	48,165
Distribution costs		(17,540)	(19,890)
Administrative expenses		(16,970)	(19,527)
Other operating income		4,140	-
Operating profit	4	14,988	8,748
Interest receivable and similar income	8	421	164
Interest payable and similar expenses	9	(1,098)	(1,414)
Profit before taxation		14,311	7,498
Tax on profit	10	(2,837)	(1,545)
Profit for the financial year		11,474	5,953

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Western Counties Automobile Company Limited

Group statement of financial position

As at 31 December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Fixed assets					
Goodwill	11		494		774
Tangible assets	12		5,297		5,717
			<u>5,791</u>		<u>6,491</u>
Current assets					
Stocks	16	75,255		90,768	
Debtors	17	25,675		32,707	
Cash at bank and in hand		23,261		8,175	
		<u>124,191</u>		<u>131,650</u>	
Creditors: amounts falling due within one year	18	(88,809)		(106,053)	
Net current assets			<u>35,382</u>		<u>25,597</u>
Total assets less current liabilities			<u>41,173</u>		<u>32,088</u>
Creditors: amounts falling due after more than one year	19		-		(5)
Provisions for liabilities					
Deferred tax liability	22	335	(335)	219	(219)
Net assets			<u>40,838</u>		<u>31,864</u>
Capital and reserves					
Called up share capital	24		10,022		10,022
Merger reserve			(6,675)		(6,675)
Profit and loss reserves			37,491		28,517
Total equity			<u>40,838</u>		<u>31,854</u>

Western Counties Automobile Company Limited

Group statement of financial position (continued)

As at 31 December 2020

The financial statements were approved by the board of directors and authorised for issue on 17 May 2021 and are signed on its behalf by:

Peter Lovett

Director

Company Registration No. 02182711

Western Counties Automobile Company Limited

Company statement of financial position

As at 31 December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Fixed assets					
Investments	13		9,822		-
Current assets					
Debtors	17	6		6	
Net current assets			6		6
Total assets less current liabilities			<u>9,828</u>		<u>6</u>
Capital and reserves					
Called up share capital	24		10,022		200
Profit and loss reserves			(194)		(194)
Total equity			<u>9,828</u>		<u>6</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £nil (2019: £nil).

The financial statements were approved by the board of directors and authorised for issue on 17 May 2021 and are signed on its behalf by:

Peter Lovett
Director

Company Registration No. 02182711

Western Counties Automobile Company Limited

**Group statement of changes in equity
For the year ended 31 December 2020**

	Share capital	Merge reserve	Profit and loss reserves	Total
Notes	£'000	£'000	£'000	£'000
Balance at 1 January 2019	10,022	(6,675)	25,264	28,611
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	5,953	5,953
Dividends	-	-	(2,700)	(2,700)
Balance at 31 December 2019	10,022	(6,675)	28,517	31,864
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	11,474	11,474
Dividends	-	-	(2,500)	(2,500)
Balance at 31 December 2020	10,022	(6,675)	37,491	40,838

Western Counties Automobile Company Limited

Company statement of changes in equity
For the year ended 31 December 2020

		Share capital	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000
Balance at 1 January 2019		200	(194)	6
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	-	-
Balance at 31 December 2019		200	(194)	6
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	-	-
Issue of share capital	24	9,822	-	9,822
Balance at 31 December 2020		10,022	(194)	9,828

Western Counties Automobile Company Limited

Group statement of cash flows
For the year ended 31 December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Cash flows from operating activities					
Cash generated from operations	30		37,664		10,350
Interest paid			(1,098)		(1,414)
Income taxes paid			(2,586)		(1,141)
Net cash inflow from operating activities			33,980		7,795
Investing activities					
Purchase of tangible fixed assets		(1,265)		(627)	
Proceeds on disposal of tangible fixed assets		5		-	
Interest received		421		164	
Net cash used in investing activities			(839)		(463)
Financing activities					
Repayment of borrowings		(10,780)		879	
Payment of finance leases obligations		(54)		(78)	
Dividends paid to equity shareholders		(2,500)		(2,700)	
Net cash used in financing activities			(13,334)		(1,899)
Net increase in cash and cash equivalents			19,807		5,433
Cash and cash equivalents at beginning of year			(3,949)		(9,382)
Cash and cash equivalents at end of year			15,858		(3,949)
Relating to:					
Cash at bank and in hand			23,261		8,175
Bank overdrafts included in creditors payable within one year			(7,403)		(12,124)

Western Counties Automobile Company Limited

Notes to the group financial statements

For the year ended 31 December 2020

1 Accounting policies

Company information

Western Counties Automobile Company Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is The Copse, Frankland Road, Swindon, Wiltshire, SN5 8YW.

The group consists of Western Counties Automobile Company Limited and all of its subsidiaries.

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 £1'000.

The financial statements have been prepared under the historical cost convention except for the group restructure of Dick Lovett Companies Limited and Western Counties Automobile Company Limited is accounted for under the merger method.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1 Accounting policies (continued)

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Western Counties Automobile Company Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The reconstructed group was consolidated using merger accounting principles, as outlined in Financial Reporting Standard FRS 102 ("FRS"), and the reconstructed group treated as if it had always been in existence. The Directors believe that this approach presents fairly the financial performance, financial position and cash flow of the Group.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

Western Counties Automobile Company Limited

Notes to the group financial statements (continued) For the year ended 31 December 2020

1 Accounting policies (continued)

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised when the service has been completed. All trading income received or receivable from the manufacturer has been included within revenue or cost of sales depending on the contractual arrangement. This income is recognised when the group has fulfilled its related contractual obligations.

1.6 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 75 months.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 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:

Leasehold land and buildings	50 years or the life of the lease if shorter
Plant and equipment	3 to 10 years

1 Accounting policies (continued)

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 recognised in the income statement.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

1 Accounting policies (continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the FIFO (first-in, first-out) method.

Consignment stock is considered to be under control of the group and is included in stock as the group has the significant risk and rewards of ownership even though legal title has not yet passed to the group. A corresponding liability is recognised in creditors.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group 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 group's statement of financial position when the group 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 debtors, 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.

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Derecognition of financial liabilities

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

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

1 Accounting policies (continued)

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 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 income statement 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 group'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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. 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.

1.15 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.

1.16 Retirement benefits

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

1 Accounting policies (continued)

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group'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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Merger accounting

Management have used judgement to determine that the substance of the business combination is solely a group reconstruction not affecting the nature or the conduct of the underlying trading operation. As such, management have adopted the principles of merger accounting under FRS 102.

3 Turnover and other revenue

	2020	2019
	£'000	£'000
Turnover analysed by class of business		
Sale of goods	535,451	583,924
Rendering of services	22,947	25,488
Commission	7,782	8,240
	<u>566,180</u>	<u>617,652</u>
	<u><u>566,180</u></u>	<u><u>617,652</u></u>
	2020	2019
	£'000	£'000
Other significant revenue		
Interest income	421	164
Grants received	4,050	-
	<u>4,471</u>	<u>164</u>
	<u><u>4,471</u></u>	<u><u>164</u></u>

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

4 Operating profit

	2020	2019
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Government grants	(4,050)	-
Depreciation of owned tangible fixed assets	1,680	1,653
Amortisation of intangible assets	280	281
Operating lease charges	4,319	4,305
	=====	=====

5 Auditor's remuneration

	2020	2019
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7	-
Audit of the financial statements of the company's subsidiaries	64	63
	=====	=====
	71	63
	=====	=====

6 Employees

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

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Sales	286	290	-	-
Parts	62	65	-	-
Servicing	356	351	-	-
Bodyshop	77	82	-	-
Admin	145	149	-	-
	=====	=====	=====	=====
Total	926	937	-	-
	=====	=====	=====	=====

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

6 Employees (continued)

Their aggregate remuneration comprised:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Wages and salaries	26,826	27,240	-	-
Social security costs	2,739	2,795	-	-
Pension costs	2,478	2,327	-	-
	<u>32,043</u>	<u>32,362</u>	<u>-</u>	<u>-</u>
	<u><u>32,043</u></u>	<u><u>32,362</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

7 Directors' remuneration

	2020	2019
	£'000	£'000
Remuneration for qualifying services	258	260
Company pension contributions to defined contribution schemes	20	11
	<u>278</u>	<u>271</u>
	<u><u>278</u></u>	<u><u>271</u></u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020	2019
	£'000	£'000
Remuneration for qualifying services	258	260
Company pension contributions to defined contribution schemes	20	11
	<u>278</u>	<u>271</u>
	<u><u>278</u></u>	<u><u>271</u></u>

8 Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest income		
Interest on bank deposits	421	164
	<u>421</u>	<u>164</u>
	<u><u>421</u></u>	<u><u>164</u></u>

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

9 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest on bank overdrafts and loans	188	249
Other interest on financial liabilities	908	1,161
Interest on finance leases and hire purchase contracts	2	4
	<u> </u>	<u> </u>
Total finance costs	1,098	1,414
	<u> </u>	<u> </u>

10 Taxation

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	2,723	1,504
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	114	41
	<u> </u>	<u> </u>
Total tax charge	2,837	1,545
	<u> </u>	<u> </u>

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:

	2020	2019
	£'000	£'000
Profit before taxation	14,311	7,498
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,719	1,425
Tax effect of expenses that are not deductible in determining taxable profit	11	48
Effect of change in corporation tax rate	-	(5)
Other permanent differences	81	77
Change in deferred tax rate	26	-
	<u> </u>	<u> </u>
Taxation charge	2,837	1,545
	<u> </u>	<u> </u>

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)
For the year ended 31 December 2020

11 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 January 2020 and 31 December 2020	1,757
Amortisation and impairment	
At 1 January 2020	983
Amortisation charged for the year	280
At 31 December 2020	1,263
Carrying amount	
At 31 December 2020	494
At 31 December 2019	774

12 Tangible fixed assets

Group	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2020	5,757	11,890	17,647
Additions	509	756	1,265
Disposals	-	(5)	(5)
At 31 December 2020	6,266	12,641	18,907
Depreciation and impairment			
At 1 January 2020	3,539	8,391	11,930
Depreciation charged in the year	380	1,300	1,680
At 31 December 2020	3,919	9,691	13,610
Carrying amount			
At 31 December 2020	2,347	2,950	5,297
At 31 December 2019	2,218	3,499	5,717

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

13 Fixed asset investments

		Group		Company	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	14	-	-	9,822	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements in fixed asset investments

Company	Shares in group undertakings	£'000
Cost or valuation		
At 1 January 2020		-
Additions		9,822
		<u> </u>
At 31 December 2020		9,822
		<u> </u>
Carrying amount		
At 31 December 2020		9,822
		<u> </u>
At 31 December 2019		-
		<u> </u>

On 30 November, the Company issued 9,821,938 ordinary £1 shares to Dick Lovett Companies Limited in a share for share exchange, as part of the group re-organisation. This resulted in the addition of £9,821,938 of investments in exchange for the shares issued.

Western Counties Automobile Company Limited

Notes to the group financial statements (continued) For the year ended 31 December 2020

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Dick Lovett (Avon) Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett (Bath) Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett (Bristol) Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett (Hungerford) Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett (Specialist Cars) Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett Sporting Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett Sports Cars Limited	Sale and maintenance of motor vehicles	Ordinary	100.00	-
Dick Lovett (SV) Limited	Dormant	Ordinary	0	100.00
Dick Lovett (Swindon) Limited	Dormant	Ordinary	100.00	-
PLR Limited	Dormant	Ordinary	100.00	-
Spraymaster Limited	Dormant	Ordinary	100.00	-

The registered office of all of the company's subsidiaries is The Copse Frankland Road, Blagrove, Swindon, Wiltshire, England, SN5 8YW.

15 Financial instruments

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	23,411	30,376	n/a	n/a
	=====	=====	=====	=====
Carrying amount of financial liabilities				
Measured at amortised cost	83,722	102,361	n/a	n/a
	=====	=====	=====	=====

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

16 Stocks

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	75,255	90,768	-	-
	<u>75,255</u>	<u>90,768</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	15,455	19,053	-	-
Amounts owed by parent undertakings	406	384	6	6
Other debtors	7,856	11,093	-	-
Prepayments and accrued income	1,958	2,177	-	-
	<u>25,675</u>	<u>32,707</u>	<u>6</u>	<u>6</u>

18 Creditors: amounts falling due within one year

		Group		Company	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	20	7,403	12,124	-	-
Manufacturers' stocking loan	20	12,957	23,737	-	-
Obligations under finance leases	21	10	59	-	-
Consignment vehicle liabilities		22,395	11,436	-	-
Trade creditors		27,993	41,256	-	-
Amounts due to parent undertakings		1,821	1,817	-	-
Corporation tax payable		917	782	-	-
Other taxation and social security		4,170	2,915	-	-
Other creditors		6,951	7,763	-	-
Accruals and deferred income		4,192	4,164	-	-
		<u>88,809</u>	<u>106,053</u>	<u>-</u>	<u>-</u>

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

19 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Obligations under finance leases	21	-	5	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

20 Loans and overdrafts

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank overdrafts	7,403	12,124	-	-
Manufacturers' stocking loan	12,957	23,737	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	20,360	35,861	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payable within one year	20,360	35,861	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All bank loans and overdrafts are secured by a floating charge over the assets of Dick Lovett Companies Limited and its subsidiaries. Manufacturers' stocking loans are secured on the vehicles financed and bear commercial rates of interest.

21 Finance lease obligations

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Within one year	10	64	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

22 Deferred taxation

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

	Liabilities	Liabilities
	2020	2019
Group	£'000	£'000
Accelerated capital allowances	335	219
	<u>335</u>	<u>219</u>

The company has no deferred tax assets or liabilities.

	Group	Company
	2020	2020
	£'000	£'000
Movements in the year:		
Liability at 1 January 2020	219	-
Charge to profit or loss	90	-
Effect of change in tax rate - profit or loss	26	-
	<u>335</u>	<u>-</u>
Liability at 31 December 2020	<u>335</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2020	2019
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,478	2,327
	<u>2,478</u>	<u>2,327</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)
For the year ended 31 December 2020

24 Share capital

	2020	2019	2020	2019
	Number	Number	£'000	£'000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	10,021,938	200,000	10,022	200

The company has one class of ordinary shares which carry no right to fixed income.

On 30 November, the Company issued 9,821,938 ordinary £1 shares to Dick Lovett Companies Limited in a share for share exchange, as part of a group re-organisation.

25 Merger reserve

The merger reserve represents the difference between the nominal value of shares issued and the fair value of the assets received during the reorganisation. The merger reserve arose following a share for share exchange between Dick Lovett Companies Limited and Western Counties Automobile Company Limited as part of the group reorganisation during the year.

26 Financial commitments, guarantees and contingent liabilities

The company has given guarantees to the group's bankers in respect of loans and overdrafts of subsidiary companies which at 31 December 2020 amounted to £12,437,000 (2019: £16,233,000).

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Within one year	4,053	4,305	-	-
Between two and five years	2,723	2,682	-	-
In over five years	3,815	4,510	-	-
	<u>10,591</u>	<u>11,497</u>	<u>-</u>	<u>-</u>

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

28 Events after the reporting date

Post year end a fire out broke out in our Landrover showroom of Dick Lovett (Avon) Limited, causing smoke damage which has resulted in it being closed in order for the refurbishment to take place. We are continuing to trade in temporary facilities, however the financial impact at this stage is unknown.

29 Related party transactions

Controlling party

The company is controlled by Peter Lovett, a director who is the sole shareholder of the parent company Dick Lovett Companies Limited.

Pension scheme

The self-administered pension scheme of the parent company charges rental costs for the use of land and buildings at Cribbs Causeway, Bristol, which is used by the BMW franchise. The property is leased to Dick Lovett (Bristol) Limited under two 25 year leases which commenced on 26 March 1997 and 8 December 1997 respectively. The rental charge in the year was £497,000 (2019: £497,000). These transactions are at arm's length.

The self-administered pension scheme of the parent company charges rental costs for the use of land and buildings at Hungerford from which the BMW dealership there operates. The properties are leased to Dick Lovett (Hungerford) Limited under a 25 year lease which commenced on 27 November 2003. The rental charge in the year was £267,000 (2019: £267,000). These transactions are at arm's length.

The self-administered pension scheme of the parent company charges rental costs for the use of land and buildings off Shannon Way, Tewkesbury, from which the Porsche dealerships there operates. The property is leased to Dick Lovett Limited under a 20 year lease which commenced on 27 June 2014. The rental charge in the year was £366,000 (2019: £365,000). This transaction is at arm's length.

Western Counties Automobile Company Limited

Notes to the group financial statements (continued)

For the year ended 31 December 2020

30 Cash generated from group operations

	2020 £'000	2019 £'000
Profit for the year after tax	11,474	5,953
Adjustments for:		
Taxation charged	2,837	1,545
Finance costs	1,098	1,414
Investment income	(421)	(164)
Amortisation and impairment of intangible assets	280	281
Depreciation and impairment of tangible fixed assets	1,680	1,653
Movements in working capital:		
Decrease in stocks	15,513	2,262
Decrease/(increase) in debtors	7,032	(10,171)
(Decrease)/increase in creditors	(1,829)	7,577
Cash generated from operations	37,664	10,350

31 Analysis of changes in net funds/(debt) - group

	1 January 2020 £'000	Cash flows £'000	31 December 2020 £'000
Cash at bank and in hand	8,175	15,086	23,261
Bank overdrafts	(12,124)	4,721	(7,403)
	(3,949)	19,807	15,858
Borrowings excluding overdrafts	(23,737)	10,780	(12,957)
Obligations under finance leases	(64)	54	(10)
	(27,750)	30,641	2,891

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.