

REGISTERED NUMBER: 01968351 (England and Wales)

GROUP STRATEGIC REPORT, DIRECTORS' REPORT AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
PENTRAETH HOLDINGS LIMITED

THURSDAY



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31/12/2020

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FOR THE YEAR ENDED 31 DECEMBER 2019

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PENTRAETH HOLDINGS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

K W Jones
J G Jones
W M Jones

SECRETARY:

P A Kirkham

REGISTERED OFFICE:

Henffordd Garage
Pentraeth Road
Menai Bridge
Anglesey
LL59 5RW

REGISTERED NUMBER:

01968351 (England and Wales)

SENIOR STATUTORY AUDITOR: Catherine Elaine Davies

INDEPENDENT AUDITORS:

J V Banks
Chartered Accountants and Statutory Auditors
Banks House
Paradise Street
Rhyl
Denbighshire
LL18 3LW

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

Year end 31/12/2019 review

Following years of record growth, globally the car industry is continuing to see a slowing in new car sales as governments, manufacturers and customers slowly transition to electric vehicles. At the same time "dieselgate" rumbles on, together with Brexit arrangements which are central to the UK car industry.

Against this backdrop, we are pleased to report that our business has been able to maintain its profit margins and remain profitable. The mix of reliable, affordable brands; good customer service and aftersales continues to serve the business well.

Cost control will remain a focus in the coming year.

Post year end review

From February 2020 onwards, we have had to manage the impact of the COVID-19 pandemic on our business and we make the specific comments below: -

1. The initial lockdown in March 2020 fortunately began after our busiest period of new car registrations so did not significantly impact expected sales.
2. Owning our premises has meant low fixed costs which assists cashflow, particularly during periods of lockdown enforced by national governments.
3. All our car manufacturers have been very supportive for example they have paid bonuses early on cars sold and waived all sales targets for a period.
4. In the summer of 2020 the finance providers initiated extended credit terms on the stocking loans.
5. We used the Coronavirus Job Retention Scheme and received significant grants from Welsh Government.
6. Our large site has made adapting to COVID-19 health & safety guidance relatively easy and we have got back to full capacity quickly.

Going Concern

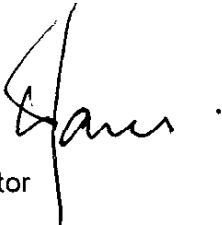
COVID-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

KEY FINANCIAL HIGHLIGHTS ARE AS FOLLOWS

	Y.E.31.12.19	Y.E.31.12.18	Period 1.3.17 to 31.12.17
Turnover	21.0M	22.1M	18.2M
Gross profit margin	4%	4%	4%
Net profit after tax	13,696	61,269	94,143

ON BEHALF OF THE BOARD:


K W Jones - Director

28 December 2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the group continued to be the operation of retail motor dealerships, selling new and used vehicles.

DIVIDENDS

An interim dividend of 8.334p per share was paid on the Ordinary £1 shares on 29 March 2019. No dividends were paid on the Ordinary B £1 shares.

The total distribution of dividends for the year ended 31 December 2019 will be £2,000.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

K W Jones has held office during the whole of the period from 1 January 2019 to the date of this report.

Other changes in directors holding office are as follows:

J G Jones - appointed 24 October 2019

W M Jones - appointed 24 October 2019

FINANCIAL INSTRUMENTS

The group's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, loans to the group and finance lease agreements. The main purpose of these instruments is to raise funds for and to finance operations.

Due to the nature of the financial instruments used by the companies there is no exposure to price risk. The companies approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

In respect of loans these comprise bank loans and stocking loans from financial institutions. The interest rate on the loans from banks and other financial institutions is variable. Monthly capital repayments are fixed on bank loans. The companies manage the liquidity risk by ensuring there are sufficient funds to meet the payments.

The group is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed in the same way as loans above.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

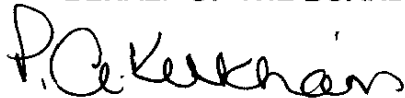
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 group'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 group's auditors are aware of that information.

AUDITORS

The auditors, J V Banks, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



P A Kirkham - Secretary

28 December 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PENTRAETH HOLDINGS LIMITED

Opinion

We have audited the financial statements of Pentraeth Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated income statement, Consolidated other comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and Notes to the consolidated 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 group's and of the parent company affairs as at 31 December 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group'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 Group strategic report and the Directors' report, 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PENTRAETH HOLDINGS LIMITED

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 Group 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 Group 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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 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 group's 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 the parent 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. This description forms part of our Report of the auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PENTRAETH HOLDINGS LIMITED

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.



Catherine Elaine Davies (Senior Statutory Auditor)
for and on behalf of J V Banks
Chartered Accountants & Statutory Auditors
Banks House
Paradise Street
Rhyl
Denbighshire
LL18 3LW

Date: 28.12.2020

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	31.12.19 £	31.12.18 £
TURNOVER	3	20,994,747	22,143,792
Cost of sales		(20,071,655)	(21,162,774)
GROSS PROFIT		923,092	981,018
Administrative expenses		(888,003)	(890,351)
		35,089	90,667
Other operating income		2,725	6,999
OPERATING PROFIT	5	37,814	97,666
Interest payable and similar expenses	6	(10,712)	(12,335)
PROFIT BEFORE TAXATION		27,102	85,331
Tax on profit	7	(13,406)	(24,062)
PROFIT FOR THE FINANCIAL YEAR		13,696	61,269
Profit attributable to: Owners of the parent		13,696	61,269

The notes form part of these financial statements

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

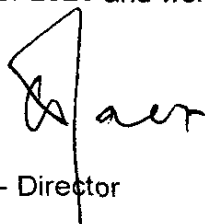
	Notes	31.12.19 £	31.12.18 £
PROFIT FOR THE YEAR		13,696	61,269
OTHER COMPREHENSIVE INCOME			
Property revaluation		52,833	-
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>52,833</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>66,529</u>	<u>61,269</u>
Total comprehensive income attributable to: Owners of the parent		<u>66,529</u>	<u>61,269</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019

	Notes	31.12.19 £	31.12.18 £
FIXED ASSETS			
Intangible assets	10	20,000	20,000
Tangible assets	11	2,623,493	2,627,666
Investments	12	-	-
		<u>2,643,493</u>	<u>2,647,666</u>
CURRENT ASSETS			
Stocks	13	3,872,591	3,267,387
Debtors	14	315,278	489,692
Cash at bank		241	241
		<u>4,188,110</u>	<u>3,757,320</u>
CREDITORS			
Amounts falling due within one year	15	(4,310,126)	(3,829,163)
NET CURRENT LIABILITIES		<u>(122,016)</u>	<u>(71,843)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,521,477</u>	<u>2,575,823</u>
CREDITORS			
Amounts falling due after more than one year	16	(112,000)	(176,000)
PROVISIONS FOR LIABILITIES	20	(25,125)	(80,000)
NET ASSETS		<u>2,384,352</u>	<u>2,319,823</u>
CAPITAL AND RESERVES			
Called up share capital	21	30,000	30,000
Revaluation reserve	22	401,664	348,831
Retained earnings	22	1,952,688	1,940,992
SHAREHOLDERS' FUNDS		<u>2,384,352</u>	<u>2,319,823</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 December 2020 and were signed on its behalf by:



K W Jones - Director

The notes form part of these financial statements

PENTRAETH HOLDINGS LIMITED (REGISTERED NUMBER: 01968351)

COMPANY BALANCE SHEET
31 DECEMBER 2019

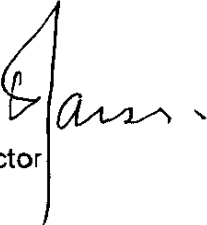
	Notes	31.12.19 £	31.12.18 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	2,493,027	2,486,237
Investments	12	300	300
		<u>2,493,327</u>	<u>2,486,537</u>
CURRENT ASSETS			
Debtors	14	1,829	459
Cash at bank		241	1,343
		<u>2,070</u>	<u>1,802</u>
CREDITORS			
Amounts falling due within one year	15	(356,328)	(285,155)
NET CURRENT LIABILITIES		<u>(354,258)</u>	<u>(283,353)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,139,069	2,203,184
CREDITORS			
Amounts falling due after more than one year	16	(112,000)	(176,000)
PROVISIONS FOR LIABILITIES	20	(2,676)	(55,981)
NET ASSETS		<u>2,024,393</u>	<u>1,971,203</u>
CAPITAL AND RESERVES			
Called up share capital	21	30,000	30,000
Revaluation reserve		401,664	348,831
Retained earnings		1,592,729	1,592,372
SHAREHOLDERS' FUNDS		<u>2,024,393</u>	<u>1,971,203</u>
Company's profit for the financial year		<u>2,357</u>	<u>7,717</u>

The notes form part of these financial statements

COMPANY BALANCE SHEET - continued
31 DECEMBER 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 28 December 2020 and were signed on its behalf by:


K W Jones - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2018	30,000	1,884,723	348,831	2,263,554
Changes in equity				
Dividends	-	(5,000)	-	(5,000)
Total comprehensive income	-	61,269	-	61,269
Balance at 31 December 2018	<u>30,000</u>	<u>1,940,992</u>	<u>348,831</u>	<u>2,319,823</u>
Changes in equity				
Dividends	-	(2,000)	-	(2,000)
Total comprehensive income	-	13,696	52,833	66,529
Balance at 31 December 2019	<u>30,000</u>	<u>1,952,688</u>	<u>401,664</u>	<u>2,384,352</u>

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2018	30,000	1,589,655	348,831	1,968,486
Changes in equity				
Dividends	-	(5,000)	-	(5,000)
Total comprehensive income	-	7,717	-	7,717
Balance at 31 December 2018	<u>30,000</u>	<u>1,592,372</u>	<u>348,831</u>	<u>1,971,203</u>
Changes in equity				
Dividends	-	(2,000)	-	(2,000)
Total comprehensive income	-	2,357	52,833	55,190
Balance at 31 December 2019	<u>30,000</u>	<u>1,592,729</u>	<u>401,664</u>	<u>2,024,393</u>

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities			
Cash generated from operations	1	946,554	(50,442)
Interest paid		(10,712)	(12,335)
Tax paid		(19,648)	(30,752)
Net cash from operating activities		<u>916,194</u>	<u>(93,529)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(20,000)
Purchase of tangible fixed assets		(64,735)	(48,848)
Net cash from investing activities		<u>(64,735)</u>	<u>(68,848)</u>
Cash flows from financing activities			
Bank loan repayments in year		(64,000)	(80,000)
Amount introduced by directors		26,000	23,000
Other loan - Mazda repayments		-	(1,525)
Consignment stocking loans movement		(634,501)	(14,860)
Other stocking loans movement		26,840	37,720
Equity dividends paid		(2,000)	(5,000)
Net cash from financing activities		<u>(647,661)</u>	<u>(40,665)</u>
Increase/(decrease) in cash and cash equivalents		<u>203,798</u>	<u>(203,042)</u>
Cash and cash equivalents at beginning of year	2	(310,751)	(107,709)
Cash and cash equivalents at end of year	2	<u>(106,953)</u>	<u>(310,751)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.19	31.12.18
	£	£
Profit before taxation	27,102	85,331
Depreciation charges	68,908	70,226
Finance costs	10,712	12,335
	106,722	167,892
(Increase)/decrease in stocks	(605,204)	519,124
Decrease/(increase) in trade and other debtors	174,414	(214,427)
Increase/(decrease) in trade and other creditors	1,270,622	(523,031)
Cash generated from operations	<u>946,554</u>	<u>(50,442)</u>

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 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	241	241
Bank overdrafts	(107,194)	(310,992)
	(106,953)	(310,751)

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	241	14,123
Bank overdrafts	(310,992)	(121,832)
	(310,751)	(107,709)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank and in hand	241	-	241
Bank overdrafts	(310,992)	203,798	(107,194)
	<u>(310,751)</u>	<u>203,798</u>	<u>(106,953)</u>
Debt			
Debts falling due within 1 year	(1,588,052)	607,661	(980,391)
Debts falling due after 1 year	(176,000)	64,000	(112,000)
	<u>(1,764,052)</u>	<u>671,661</u>	<u>(1,092,391)</u>
Total	<u>(2,074,803)</u>	<u>875,459</u>	<u>(1,199,344)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. **STATUTORY INFORMATION**

Pentraeth Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Pentraeth Holdings Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments and remuneration of key management personnel.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2019. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the group's accounting policies, the director is 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

Used vehicle stock valuations

Used vehicle stock is purchased from trade sources and private individuals. Used vehicle stock is a depreciating stock item and devalues monthly, making the estimated stock value uncertain. However, senior management review values of stock on an annual basis against trade valuation publications (Clean Cap Valuation) and any possible overvaluations are corrected by reducing the stock value through the profit and loss accounts in the accounting period the over-valuation is identified.

The carrying value of used vehicle stock at the year end was £1,970,549 (31.12.18 - £1,721,921)

Valuation of property

Freehold property is held at fair value which requires the director to use estimates in obtaining an appropriate valuation. Freehold properties are held in the accounts at £2,444,202 (31.12.18 - £2,433,906) and as no readily ascertainable source for a fair value exists then he uses the services of independent professional valuers to assist in establishing an appropriate fair value for the accounts.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sales of motor vehicles, parts and accessories are 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.

Servicing revenue is recognised on the completion of the agreed work.

Commissions receivable for arranging vehicle finance and related insurance products are included within revenue. Commission is recognised when the vehicle is sold.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% straight line on property
Short leasehold	- over the primary lease term
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The group holds consignment stock vehicles which are registered as being effectively under the control of the company and are included within stock on the balance sheet as the group has the significant risks and rewards of ownership even though the legal title has not yet passed. Legal title does not pass to the group until the earlier of the group holding the vehicle for a specific period, adopting the vehicle by using it as a demonstrator vehicle, or selling the vehicle to a third party. The corresponding liability is included in short term creditors.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Revenue recognition

Income represents revenue earned under a wide variety of contracts to provide services and supply goods. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts.

Revenue is generally recognised as contract activity progress so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	31.12.19 £	31.12.18 £
Vehicles	17,745,846	19,152,604
Parts	1,432,216	1,353,230
Servicing	798,221	674,078
Bodyshop	942,541	871,827
Commissions	55,976	72,615
Rent	19,947	19,438
	<u>20,994,747</u>	<u>22,143,792</u>

An analysis of turnover by geographical market is given below:

	31.12.19 £	31.12.18 £
United Kingdom	<u>20,994,747</u>	<u>22,143,792</u>
	<u>20,994,747</u>	<u>22,143,792</u>

4. EMPLOYEES AND DIRECTORS

PENTRAETH HOLDINGS LIMITED (REGISTERED NUMBER: 01968351)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

	31.12.19	31.12.18
	£	£
Wages and salaries	1,240,482	1,181,853
Social security costs	106,811	100,663
	<u>1,347,293</u>	<u>1,282,516</u>

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

	31.12.19	31.12.18
Administration and management	6	6
Servicing, parts and bodyshop	25	25
Sales	19	18
	<u>50</u>	<u>49</u>

	31.12.19	31.12.18
	£	£
Directors remuneration	<u>21,055</u>	<u>9,900</u>

Only the director K. W. Jones is considered to be key management personnel.

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.19	31.12.18
	£	£
Depreciation - owned assets	68,908	70,226
Audit fees	<u>6,000</u>	<u>6,000</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.19	31.12.18
	£	£
Bank interest	<u>10,712</u>	<u>12,335</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION

Analysis of the tax charge

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

	31.12.19 £	31.12.18 £
Current tax:		
UK corporation tax	15,500	19,700
Adjustment for prior years	(52)	(248)
Total current tax	15,448	19,452
Deferred tax	(2,042)	4,610
Tax on profit	13,406	24,062

UK corporation tax has been charged at 19% (2018 - 19%).

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:

	31.12.19 £	31.12.18 £
Profit before tax	27,102	85,331
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	5,149	16,213
Effects of:		
Depreciation in excess of capital allowances	8,246	8,046
Adjustments to tax charge in respect of previous periods	(52)	(248)
Other adjustments	63	51
Total tax charge	13,406	24,062

Tax effects relating to effects of other comprehensive income

	31.12.19	
	Gross £	Net £
Property revaluation	52,833	52,833
	31.12.18	
	Gross £	Net £
Property revaluation		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

8. **INDIVIDUAL INCOME STATEMENT**

The company's profit for the year was £2,357 (31.12.18 - £7,717)

9. **DIVIDENDS**

	31.12.19 £	31.12.18 £
Ordinary shares of £1 each		
Interim	<u>2,000</u>	<u>5,000</u>

10. **INTANGIBLE FIXED ASSETS**

Group

Number
plates
£

COST

At 1 January 2019
and 31 December 2019

20,000

NET BOOK VALUE

At 31 December 2019

20,000

At 31 December 2018

20,000

11. **TANGIBLE FIXED ASSETS**

Group

	Freehold property £	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST OR VALUATION					
At 1 January 2019	2,520,000	51,000	691,836	287,310	3,550,146
Additions	52,674	-	11,461	600	64,735
At 31 December 2019	<u>2,572,674</u>	<u>51,000</u>	<u>703,297</u>	<u>287,910</u>	<u>3,614,881</u>
DEPRECIATION					
At 1 January 2019	86,094	15,240	553,155	267,991	922,480
Charge for year	42,378	1,020	22,522	2,988	68,908
At 31 December 2019	<u>128,472</u>	<u>16,260</u>	<u>575,677</u>	<u>270,979</u>	<u>991,388</u>
NET BOOK VALUE					
At 31 December 2019	<u>2,444,202</u>	<u>34,740</u>	<u>127,620</u>	<u>16,931</u>	<u>2,623,493</u>
At 31 December 2018	<u>2,433,906</u>	<u>35,760</u>	<u>138,681</u>	<u>19,319</u>	<u>2,627,666</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS - continued

Group

Included in freehold land and buildings is land costing £453,742 which is not depreciated.

In November 2016 freehold land and buildings were revalued to a fair value of £2,520,000 by David Baker Bsc (Hons) MRICS, RICS for Lambert Smith Hampton. Without this revaluation the carrying value would be £1,973,181. The director is not aware of any material change in value since the revaluation was made.

Cost or valuation at 31 December 2019 is represented by:

	Freehold property £	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
Valuation in 2007	599,281	-	-	-	599,281
Valuation in 2014	(664,523)	-	-	-	(664,523)
Valuation in 2017	(365,000)	-	-	-	(365,000)
Cost	3,002,916	51,000	703,297	287,910	4,045,123
	<u>2,572,674</u>	<u>51,000</u>	<u>703,297</u>	<u>287,910</u>	<u>3,614,881</u>

Company

	Freehold property £	Short leasehold £	Fixtures and fittings £	Totals £
COST OR VALUATION				
At 1 January 2019	2,520,000	51,000	247,390	2,818,390
Additions	52,674	-	-	52,674
At 31 December 2019	<u>2,572,674</u>	<u>51,000</u>	<u>247,390</u>	<u>2,871,064</u>
DEPRECIATION				
At 1 January 2019	86,094	15,240	230,819	332,153
Charge for year	42,378	1,020	2,486	45,884
At 31 December 2019	<u>128,472</u>	<u>16,260</u>	<u>233,305</u>	<u>378,037</u>
NET BOOK VALUE				
At 31 December 2019	<u>2,444,202</u>	<u>34,740</u>	<u>14,085</u>	<u>2,493,027</u>
At 31 December 2018	<u>2,433,906</u>	<u>35,760</u>	<u>16,571</u>	<u>2,486,237</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS - continued

Company

Included in freehold land and buildings is land costing £453,742 which is not depreciated.

In November 2016 freehold land and buildings were revalued to a fair value of £2,520,000 by David Baker Bsc (Hons) MRICS, RICS for Lambert Smith Hampton. Without this revaluation the carrying value would be £1,973,181. The director is not aware of any material change in value since the revaluation was made.

Cost or valuation at 31 December 2019 is represented by:

	Freehold property £	Short leasehold £	Fixtures and fittings £	Totals £
Valuation in 2007	599,281	-	-	599,281
Valuation in 2014	(664,523)	-	-	(664,523)
Valuation in 2017	(365,000)	-	-	(365,000)
Cost	3,002,916	51,000	247,390	3,301,306
	<u>2,572,674</u>	<u>51,000</u>	<u>247,390</u>	<u>2,871,064</u>

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2019 and 31 December 2019	<u>300</u>
NET BOOK VALUE	
At 31 December 2019	<u>300</u>
At 31 December 2018	<u>300</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

12. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance sheet date in the share capital of companies include the following:

Subsidiaries

Pentraeth Automotive Limited

Registered office: Henffordd Garage, Pentraeth Road, Menai Bridge, Anglesey, Wales, LL59 5RW

Nature of business: Garage proprietors

	% holding		
Class of shares:			
Ordinary	100.00	31.12.19	31.12.18
		£	£
Aggregate capital and reserves		360,059	348,720
Profit for the year		11,339	53,552
		<u> </u>	<u> </u>

Pentraeth Limited

Registered office: Henffordd Garage, Pentraeth Road, Menai Bridge, Anglesey, Wales, LL59 5RW

Nature of business: Dormant

	% holding		
Class of shares:			
Ordinary	100.00	31.12.19	31.12.18
		£	£
Aggregate capital and reserves		100	100
		<u> </u>	<u> </u>

Pentraeth Automotive (4x4) Limited

Registered office: Henffordd Garage, Pentraeth Road, Menai Bridge, Anglesey, Wales, LL59 5RW

Nature of business: Dormant

	% holding		
Class of shares:			
Ordinary	100.00	31.12.19	31.12.18
		£	£
Aggregate capital and reserves		100	100
		<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

13. STOCKS

	Group	
	31.12.19	31.12.18
	£	£
Stocks	3,385,940	2,146,235
Interest bearing consignment vehicles	486,651	1,121,152
	<u>3,872,591</u>	<u>3,267,387</u>

Interest bearing consignment vehicles are included in stocks. The related liabilities are included in short term creditors.

Stock recognised in cost of sales during the year as expenses was £19,269,665 (31.12.18 - £20,422,143)

At the balance sheet date £429,740 (31.12.18 - £402,900) of used vehicle stock was pledged as security for liabilities owed of the same amount.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Trade debtors	280,369	461,525	-	-
Other debtors	32,475	28,167	977	459
VAT	2,434	-	852	-
	<u>315,278</u>	<u>489,692</u>	<u>1,829</u>	<u>459</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans and overdrafts (see note 17)	171,194	374,992	64,000	64,000
Other loans (see note 17)	916,391	1,524,052	-	-
Trade creditors	2,989,844	1,433,561	2,528	2,205
Amounts owed to group undertakings	-	-	209,549	163,499
Corporation tax	15,500	19,700	11,200	12,300
Social security and other taxes	32,131	30,606	-	-
VAT	-	105,952	-	100
Other creditors and accruals	133,515	314,749	17,500	17,500
Directors' current accounts	51,551	25,551	51,551	25,551
	<u>4,310,126</u>	<u>3,829,163</u>	<u>356,328</u>	<u>285,155</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

16. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans (see note 17)	112,000	176,000	112,000	176,000

17. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
<i>Amounts falling due within one year or on demand:</i>				
Bank overdrafts	107,194	310,992	-	-
Bank loans	64,000	64,000	64,000	64,000
Consignment stocking loans	486,651	1,121,152	-	-
Other stocking loans	429,740	402,900	-	-
	<u>1,087,585</u>	<u>1,899,044</u>	<u>64,000</u>	<u>64,000</u>
<i>Amounts falling due between two and five years:</i>				
Bank loans - 2-5 years	<u>112,000</u>	<u>176,000</u>	<u>112,000</u>	<u>176,000</u>

Company and group

The bank loan figure consists of the following :

A loan of £176,000 (31.12.18 - £240,000) repayable in quarterly instalments with an interest rate of a 2.25% margin on the base rate. The loan is secured by way of a legal charge over the freehold land and buildings and a debenture over the whole assets of the company.

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	31.12.19	31.12.18
	£	£
In more than five years	<u>59,400</u>	<u>59,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank overdraft	107,194	310,992	-	-
Bank loans	176,000	240,000	176,000	240,000
Consignment stocking loans	486,651	1,121,152	-	-
Other stocking loans	429,740	402,900	-	-
	<u>1,199,585</u>	<u>2,075,044</u>	<u>176,000</u>	<u>240,000</u>

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Deferred tax				
Accelerated capital allowances	25,125	27,167	2,676	3,148
Other timing differences	-	52,833	-	52,833
	<u>25,125</u>	<u>80,000</u>	<u>2,676</u>	<u>55,981</u>

Group

	Deferred tax £
Balance at 1 January 2019	80,000
Credit to Income statement during year	(2,042)
Write back on property reval.	(52,833)
Balance at 31 December 2019	<u>25,125</u>

Company

	Deferred tax £
Balance at 1 January 2019	55,981
Credit to Income statement during year	(472)
Write back on property reval.	(52,833)
Balance at 31 December 2019	<u>2,676</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

21. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19 £	31.12.18 £
24,000	Ordinary	£1	24,000	24,000
6,000	Ordinary B	£1	6,000	6,000
			<u>30,000</u>	<u>30,000</u>

22. **RESERVES**

Group

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2019	1,940,992	348,831	2,289,823
Profit for the year	13,696		13,696
Dividends	(2,000)		(2,000)
Property revaluation	-	52,833	52,833
At 31 December 2019	<u>1,952,688</u>	<u>401,664</u>	<u>2,354,352</u>

Company

	Revaluation reserve £
At 1 January 2019	348,831
Property revaluation	52,833
At 31 December 2019	<u>401,664</u>

23. **CONTINGENT LIABILITIES**

Group

The group has provided cross guarantees for other group companies in relation to their dealings in the normal course of business with motor manufacturers for the supply of new motor vehicles and in relation to security provided for their bankers and to finance companies for used car stocking facilities.

Company

The company has provided cross guarantees for other group companies in relation to their dealings in the normal course of business with motor manufacturers for the supply of new motor vehicles and in relation to security provided for their bankers and to finance companies for used car stocking facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the year, total dividends of £2,000 (2018 - £5,000) were paid to the directors.

The directors loans £51,551 (31.12.18 - £25,551) are included in creditors falling due within one year.

The group paid rent of £59,400 (31.12.18 - £47,500) to the director K. W. Jones for the use of land.

During the year the following transactions took place with JGJ Motors, a business owned in partnership by the director K. W. Jones and his wife :

	31.12.19 £	31.12.18 £
Sales	1,021,963	998,241
Purchases	780,772	775,527
Debtor	NIL	NIL
Creditor	NIL	NIL

25. POST BALANCE SHEET EVENTS

Non - adjusting post balance sheet event.

Given that the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed at the balance sheet date, the measurement of assets and liabilities in the accounts have not be adjusted for its potential impact.

Specifically, stock held at year end 31/12/19 has been not been adjusted to reflect the following event: -

During a period of significant trading uncertainty due to Covid-19 in June & July 2020, management made the decision to sell used vehicles to dealers in the rest of the UK while Wales remained in lockdown. In total the loss on these vehicles was £41,618. If this had been adjusted in the year end 31/12/19 the effect on the financial statements would have been to reduce the stock value in the balance sheet by £41,618 and reduce the pre tax profit by £41,618.

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is K. W. Jones, a director and the sole shareholder.

27. EXEMPTION FROM AUDIT FOR INDIVIDUAL SUBSIDIARY COMPANIES

The following subsidiary companies have claimed exemption from audit under Section 479A of the Companies Act 2006 :

Pentraeth Automotive Limited
Pentraeth Limited
Pentraeth (4x4) Limited