

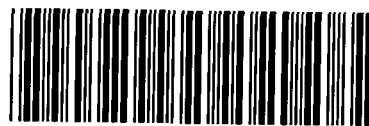
# **H.R. Owen Dealerships Limited**

## **Annual report and financial statements**

### **for the year ended 30 April 2018**

**Registered Number 02832555**

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31/01/2019

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# **H.R. Owen Dealerships Limited**

## **Annual report for the year ended 30 April 2018**

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# **H.R. Owen Dealerships Limited**

## **Directors and advisors for the year ended 30 April 2018**

### **Directors**

M Dalman  
M Patel  
V K Choo

### **Company secretary and registered office**

D Grimston  
Melton Court  
Old Brompton Road  
London  
SW7 3TD

### **Bankers**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

### **Solicitors**

Ellisons LLP  
Headgate Court  
Head Street  
Colchester  
Essex  
C01 1NP

### **Independent auditors**

BDO LLP  
Arcadia House  
Maritime Walk  
Southampton  
SO14 3TL

# H.R. Owen Dealerships Limited

## The Strategic report for the year ended 30 April 2018

### Business review, principal activities and future outlook

The principal activity of the Company during the period was that of franchised motor dealer operating sites in the Greater London area, Greater Manchester area, Berkshire and Hertfordshire.

The profit for the year ended 30 April 2018 amounted to £3,622,000 after taxation, (2017: £2,842,000), resulting from sales of £210,179,000 (2017: £212,455,000). The Company's net assets at the year-end were £24,077,000 (2017: £20,012,000).

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to relationships with manufacturers, the success of the brands the Company represents, the impact of future legislative changes, competitiveness within the motor retail sector, economic and market cycles, and advances in technology. Further discussion of these risks and uncertainties, in the context of the H.R. Owen Plc Group ('the Group') as a whole, is provided in the Business Review of the Group's annual report which does not form part of this report.


### Key Performance Indicators

The directors of H.R. Owen Dealerships Limited manage the Company's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of H.R. Owen Dealerships Limited. The development, performance and position of H.R. Owen Plc, which includes the Company, is discussed in the Business Review of the Group's annual report which does not form part of this report.

### Post balance sheet events

See Note 25.

By order of the board



D Grimston

Company Secretary

Date 23 | 01 | 2019

# H.R. Owen Dealerships Limited

## Directors' report for the year ended 30 April 2018

The directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2018.

### Results and dividends

The results for the year ended 30 April 2018 are set out in the profit and loss account on page 9. The directors remain satisfied with the financial performance of the Company.

The directors have not recommended the payment of a dividend (2017: £Nil).

### Directors

The directors of the Company who were in office during the year and up to the date of the signing of the financial statements are listed below:

M Dalman  
M Patel  
V K Choo

### Charitable donations

During the year, the Company made charitable donations of £Nil (2017: £Nil). Of this total, £Nil (2017: £Nil) related to children's charities and £Nil (2017: £Nil) to local charities. No political donations were made (2017: £Nil).

### Risks associated with financial instruments

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk.

#### *Credit risk*

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables. The Company keeps all deposits with high street banks

The Company has implemented policies that require appropriate credit checks on potential customers before sales over certain credit limits are made.

#### *Liquidity risk and interest rate risk*

The Company finances its operations through a mixture of retained reserves and borrowings. These borrowings comprise bank loans, overdrafts, manufacturer and other vehicle stocking loans. Liquidity risk is managed by borrowing with a spread of maturity periods. The Company has significant fluctuations in short-term borrowings due to industry specific factors. The Company mitigates any potential liquidity risk through maintaining substantial unutilised banking and used vehicle stocking loan facilities.

The Company is subject to interest rate risk on the borrowings. All borrowings are at floating rates. Any surplus cash balances are placed on overnight or short-term deposit on UK money markets.

The liquidity and interest rate risk is managed on behalf of the Company by its parent company.

# H.R. Owen Dealerships Limited

## Directors' report for the year ended 30 April 2018 (continued)

### Payment to suppliers

The Company agrees payment terms with its suppliers when it enters into binding purchase contracts. The Company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not have a standard or code which deals specifically with the payment of suppliers.

The Company's average creditor payment period at 30 April 2018 was 13 days (2017: 8 days).

### Post balance sheet events

See Note 25.

### Likely future developments in the business of the company

Information on likely future developments in the business of the company has been included in the Strategic Report on page 2.

### Statement of disclosure of information to auditors

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



D Grimston

**Company Secretary**

Date 23 | 01 | 2019

# H.R. Owen Dealerships Limited

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



D Grimston  
**Company Secretary**

Date 23/01/2019

# **H.R. Owen Dealerships Limited**

## **Independent auditors' report to the member of H.R. Owen Dealerships Limited**

### **Opinion**

We have audited the financial statements of H.R. Owen Dealerships Limited ("the Company") for the year ended 30 April 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# **H.R. Owen Dealerships Limited**

## **Independent auditors' report to the member of H.R. Owen Dealerships Limited (continued)**

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# H.R. Owen Dealerships Limited

## Independent auditors' report to the member of H.R. Owen Dealerships Limited (continued)

### 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Malcolm Thixton (Senior Statutory Auditor)

**For and on behalf of BDO LLP, Statutory Auditors**

Southampton

United Kingdom

Date

31/1/15

BDO LLP is a limited liability partnership registered in England and Wales (with registration number OC305127).

# H.R. Owen Dealerships Limited

## Statement of comprehensive income for the year ended 30 April 2018

	Note	2018 £'000	2017 £'000
Turnover	3	210,179	212,455
Cost of sales		(183,484)	(186,446)
Gross profit		26,695	26,009
Net operating expenses	4	(21,310)	(21,771)
<b>Profit on ordinary activities before interest and taxation</b>		<b>5,385</b>	<b>4,238</b>
Interest receivable and similar income	7	360	402
Interest payable and similar charges	8	(1,032)	(1,033)
<b>Profit on ordinary activities before taxation</b>	9	<b>4,713</b>	<b>3,607</b>
Tax charge on profit on ordinary activities	10	(1,091)	(765)
<b>Profit on ordinary activities after taxation</b>		<b>3,622</b>	<b>2,842</b>
<b>Other comprehensive income</b>			
Actuarial gains/(losses) on pension scheme	23	555	(55)
Movement on deferred tax relating to pension deficit		(112)	11
Corporation tax benefit on special pension contribution		-	-
<b>Total comprehensive income for the year</b>		<b>4,065</b>	<b>2,798</b>

The Company's results shown above all derive from continuing operations.

The Company has no other recognised gains and losses other than those included in the results above.

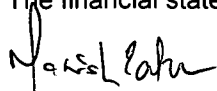
The notes on pages 12 to 25 form part of these financial statements.

# H.R. Owen Dealerships Limited

## Balance sheet as at 30 April 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible fixed assets	12	377	377
Tangible fixed assets	13	4,033	4,425
Deferred tax assets		7	-
Investment in subsidiaries	14	-	-
		<b>4,417</b>	<b>4,802</b>
<b>Current assets</b>			
Stock	15	31,740	28,647
Debtors	16	58,400	41,498
Cash at bank and in hand		-	133
		<b>90,140</b>	<b>70,278</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(70,957)</b>	<b>(54,986)</b>
<b>Net current assets</b>		<b>19,183</b>	<b>15,292</b>
<b>Total assets less current liabilities</b>		<b>23,600</b>	<b>20,094</b>
<b>Provisions for liabilities and charges</b>	18	<b>(161)</b>	<b>(50)</b>
<b>Net assets excluding pension deficit</b>		<b>23,439</b>	<b>20,044</b>
<b>Pension asset/(deficit)</b>	23	<b>638</b>	<b>(32)</b>
<b>Net assets including pension deficit</b>		<b>24,077</b>	<b>20,012</b>
<b>Capital and reserves</b>			
Called up share capital	19	2,500	2,500
Profit and loss account		21,577	17,512
<b>Total shareholders' funds</b>		<b>24,077</b>	<b>20,012</b>

The financial statements were approved by the board of directors and authorised for issue on 23/01/19.



M Patel  
Director

H.R. Owen Dealerships Limited

Registered Number 2832555

The notes on pages 12 to 25 form part of these financial statements.

# H.R. Owen Dealerships Limited

## Statement of changes in equity for the year ended 30 April 2018

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 May 2016	2,500	14,714	17,214
Profit for the year	-	2,842	2,842
Other comprehensive income:			
Actuarial losses recognised in defined benefit pension scheme	-	(55)	(55)
Movement on deferred tax relating to pension deficit	-	11	11
Dividends	-	-	-
<b>At 30 April 2017</b>	<b>2,500</b>	<b>17,512</b>	<b>20,012</b>
At 1 May 2017	<b>2,500</b>	<b>17,512</b>	<b>20,012</b>
Profit for the year	-	3,622	3,622
Other comprehensive income:			
Actuarial gains recognised in defined benefit pension scheme	-	555	555
Movement on deferred tax relating to pension deficit	-	(112)	(112)
Dividends	-	-	-
<b>At 30 April 2018</b>	<b>2,500</b>	<b>21,577</b>	<b>24,077</b>

### Retained Earnings

The retained earnings reserve represents the Company's accumulated profit and loss account.

The notes on pages 12 to 25 form part of these financial statements.

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018

### 1 Principal accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

#### Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by H.R. Owen Plc.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of H.R. Owen Plc. These financial statements do not include certain disclosures in respect of:

- Financial Instruments; and
- Impairment of assets.

#### Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

#### Consolidated financial statements

The Company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, since it is a wholly owned subsidiary of H.R. Owen Plc, which is incorporated in Great Britain and registered in England and Wales, and produces consolidated accounts which are publicly available.

#### Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated on a straight line basis so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Estimated economic lives are reviewed periodically and adjusted as appropriate.

Fixtures, plant and equipment, which includes fixtures and fittings as well as office and computer equipment, is depreciated over an economic life of between three and ten years. Improvements to short leasehold premises are depreciated over the shorter of the remaining life of the relevant lease, and the estimated useful economic life of the improvements. Lease premiums are amortised over the remaining life of the related property lease.

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost of vehicles and parts stocks represents the purchase price plus any additional costs incurred. Parts stocks are accounted for on a first-in, first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock. Cars used for demonstration purposes are valued at cost less an appropriate charge for use.

Vehicles on consignment are included in stock when substantially all of the principal benefits and inherent risks rest with the Company. The corresponding liability after deducting any deposits is included under creditors, as manufacturers' vehicle stocking loans.

### Turnover

Turnover comprises sales of motor vehicles, parts and accessories and is exclusive of value added tax. Sales of motor vehicles are recognised once the vehicle has been registered and delivered to the customer. Sales of parts and accessories are recognised on delivery to the customer. Servicing sales are recognised on completion of the agreed work.

### Financial assets

#### *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### Financial liabilities

#### *Other financial liabilities*

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

### Taxation

The taxation charge for the period comprises both current and deferred tax. Taxation is recognised in the Income Statement or in other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable for the period along with adjustments for tax payable in respect of previous periods.

Deferred tax is provided for all deferred tax assets and liabilities using full provision accounting, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Pension scheme arrangements

The Company operates a number of defined contribution pension schemes. The pension cost charge represents contributions payable to the funds in respect of the period.

Certain employees are also members of the H.R. Owen London Defined Benefit Pension Scheme, a defined benefit pension scheme. The net deficit of the defined benefit pension scheme is calculated as the difference between the fair value of plan assets at the reporting date compared to the plan liabilities using the projected unit method discounted to its present value using prudent and appropriate discount factors. Any deficit recorded by the Scheme is included in the balance sheet. The pension cost charged against income consists of the current service cost, finance costs, expected return on plan assets and past service cost. Any curtailment gains arising are credited to the Income Statement.

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets acquired and is allocated by manufacturer grouping. Goodwill is included in non-current assets and carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment by comparing the carrying value of the goodwill with the cash generating ability of the underlying business unit. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- (a) Inventory valuations – the Group holds significant inventories of used cars. Trade guides and other publications are used to assist in the assessment of the carrying values of these cars at the balance sheet date and provisions taken as necessary (see note 15);
- (b) Estimated pension liabilities -The Group operates a defined benefit pension scheme, in accordance with the accounting policy as stated above. The future pension liabilities that will arise and the expected return on scheme assets are based upon various assumptions such as mortality rates, investment returns and future inflation. The calculations require the use of estimates (see note 23).

## 3 Turnover

Turnover consists of the sales of motor vehicles, servicing and parts and accessories, excluding value added tax. Turnover consists entirely of sales made in the United Kingdom and arises from the Company's sole principal activity. Sales which are partially completed as at year-end (as not having met certain recognition criteria) are held in deferred income net of value added tax.

An analysis of turnover by class of business is as follows:

	2018 £'000	2017 £'000
Vehicles	192,622	194,164
Aftersales	17,557	18,291
	<u>210,179</u>	<u>212,455</u>

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 4 Net operating expenses

	2018 £'000	2017 £'000
Selling and distribution costs	10,249	12,151
Administration expenses	11,164	9,864
Other operating income	(103)	(244)
<b>Net operating expenses</b>	<b>21,310</b>	<b>21,771</b>

### 5 Directors' emoluments

No director received any fees or other emoluments for their services from the Company during the year ended 30 April 2018 (2017: £Nil).

### 6 Employee information

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

	2018 Number	2017 Number
<b>By Activity</b>		
Selling and distribution	149	150
Administration	19	27
	<b>168</b>	<b>177</b>

	2018 £'000	2017 £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	7,966	7,464
Social security costs	924	861
Other pension costs (see note 23)	115	44
	<b>9,005</b>	<b>8,369</b>

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 7 Interest receivable and similar income

	2018 £'000	2017 £'000
On bank deposits	-	-
Expected return on retirement benefits scheme assets (see note 23)	360	402
	360	402

### 8 Interest payable and similar charges

	2018 £'000	2017 £'000
On manufacturers' vehicle stocking loans	680	632
On retirement benefit liability (see note 23)	352	401
	1,032	1,033

### 9 Profit on ordinary activities before taxation

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
- Owned tangible fixed assets	1,324	1,309
Profit on disposal of tangible fixed assets	-	-
Remuneration receivable by the Company's auditors for the auditing of the Company's financial statements	14	14
Operating lease charges:		
- Plant and machinery	5	6
- Other	1,801	1,981

Fees paid to the Company's auditor, BDO LLP, for services other than the statutory audit of the Company are not disclosed in H.R. Owen Dealerships Limited's accounts since the consolidated accounts of H.R. Owen Plc are required to disclose non-audit fees on a consolidated basis.

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 10 Tax on profit on ordinary activities

#### a) Analysis of charges for the year

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax on profit for the year	1,143	914
Adjustments in respect of previous accounting periods	(52)	(61)
Total current tax (see note 10b)	1,091	853
Deferred tax (note 18)		
Origination and reversal of timing differences	(18)	(52)
Crystallisation of held-over gain	-	-
Adjustments in respect of previous periods	18	(35)
Impact of change in tax rate	-	(1)
Total deferred tax	-	(88)
<b>Tax charge on profit on ordinary activities</b>	<b>1,091</b>	<b>765</b>

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 10 Tax on profit on ordinary activities (continued)

#### b) Factors affecting the current tax charge for the year

The current charge for the accounting year is more (2017: more) than the standard rate of corporation tax in the UK 19.00% (2017: 19.92%). The difference is explained below:

	2018 £'000	2017 £'000
<b>Profit on ordinary activities before taxation:</b>	<b>4,712</b>	<b>3,607</b>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 19.00% (2017: 19.92%)	<b>895</b>	<b>718</b>
Effect of:		
Fixed asset differences	<b>118</b>	<b>110</b>
Other short term timing differences	-	<b>4</b>
Expenses not deductible for tax purposes	<b>102</b>	<b>36</b>
Income not taxable for tax purposes	<b>(21)</b>	<b>(7)</b>
Utilisation of Group losses	-	-
Deferred tax (charged)/credited directly to equity	<b>31</b>	-
Effect of rate change	-	<b>(1)</b>
Adjustments in respect of prior periods	<b>(34)</b>	<b>(95)</b>
<b>Current tax charge for the year (see note 10a)</b>	<b>1,091</b>	<b>765</b>

The standard rate of Corporation Tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly, the profits of companies in the Group for this accounting year are taxed at an effective rate of 19.00%.

### 11 Dividends

	2018 £'000	2017 £'000
Interim dividend paid of £Nil pence per ordinary share (2017: Nil pence per ordinary share)	-	-

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 12 Intangible fixed assets

	Purchased goodwill £'000
<b>Cost</b>	
At 30 April 2017 and 30 April 2018	377
<b>Impairment</b>	
At 1 May 2017 30 April 2018	-
<b>Net book value</b>	
At 30 April 2017 and 2018	377

### 13 Tangible fixed assets

	Land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>				
At 1 May 2017	300	7,714	5,210	13,224
Additions	-	647	290	932
Disposals	-	(1)	(22)	(18)
<b>At 30 April 2018</b>	<b>300</b>	<b>8,360</b>	<b>5,478</b>	<b>14,138</b>
<b>Accumulated depreciation</b>				
At 1 May 2017	300	4,775	3,724	8,799
Charge for the year	-	748	576	1,324
Disposals	-	(1)	(17)	(18)
<b>At 30 April 2018</b>	<b>300</b>	<b>5,522</b>	<b>4,283</b>	<b>10,105</b>
<b>Net book value</b>				
<b>At 30 April 2018</b>	<b>-</b>	<b>2,838</b>	<b>1,195</b>	<b>4,033</b>
<b>Net book value</b>				
At 30 April 2017	-	2,939	1,486	4,425

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 14 Investments in subsidiaries

	£
Cost and net book value at 1 May 2017 and 30 April 2018	1

Investments in subsidiaries are as follows:

Name	Nature of business	Registered office	Description of shares held	Proportion of nominal value of issued shares held
H.R. Owen Investments Limited	Dormant	Melton Court, Old Brompton Road, London, SW7 3TD	Ordinary £1 shares	100%

The directors believe that the carrying value of investments is supported by their underlying net asset.

### 15 Stock

	2018 £'000	2017 £'000
Vehicles and parts	16,741	18,681
Interest bearing consignment stock	14,816	9,627
Work in progress	183	339
	31,740	28,647

As at 30 April 2018 £13,815,669 of vehicles on consignment were held off the balance sheet (2017: £5,749,993) as the risks and rewards of ownership were considered not to have transferred to the Company at the balance sheet date.

There is no material difference between the replacement cost of stocks and the amounts stated above.

Inventories charged as an expense in the year total £185,960,227 (2017: £185,262,642).

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 16 Debtors

	2018 £'000	2017 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	2,693	2,937
Amounts owed by Group undertakings	42,447	28,386
Other debtors	8,321	5,961
Prepayments and accrued income	4,939	4,214
	<b>58,400</b>	<b>41,498</b>

Amounts owed by Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

### 17 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	6,395	4,283
Manufacturers' vehicle stocking loans	27,190	19,037
Other loans	5,729	3,565
Amounts owed to Group undertakings	5,677	3,661
Other creditors including taxation and social security costs	22,260	21,774
Accruals and deferred income	2,601	2,011
Corporation tax	1,105	655
	<b>70,957</b>	<b>54,986</b>

Bank overdrafts are secured by fixed and floating charges over the assets of the Company.

Vehicle stocking loans are secured by fixed and floating charges over the stocks of new consignment, used and demonstrator vehicles held. Vehicle stocking loans are at floating rates with interest rates incurred based on a margin over Finance House Base Rate of between ½% and 2%.

Amounts due to Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.



# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 18 Deferred tax

Deferred tax is calculated in full on timing differences under the liability method using a tax rate of 17% (2017: 17%).

<b>Deferred tax liability</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Deferred tax comprises:		
Excess of capital allowances over depreciation	30	29
Other short-term timing differences	11	14
Short-term timing differences – defined benefit scheme	99	(13)
Capital gains held over	21	20
	<b>161</b>	<b>50</b>
		<b>2018 £'000</b>
Movement during the year:		
1 May 2017		50
Amount charged to statement of total comprehensive income		111
<b>30 April 2018</b>		<b>161</b>

At 30 April 2018 there is no unprovided deferred tax liability (2017: £Nil).

### Defined Benefit Pension Scheme deferred taxation liability

<b>Deferred tax liability includes:</b>	<b>2018 £'000</b>
Defined benefit pension scheme liability	<b>99</b>
Movement during the year:	
At 1 May 2017	13
Credited to profit and loss account	-
(Debited)/credited directly to other comprehensive income	(112)
<b>At 30 April 2018</b>	<b>(99)</b>

# H.R. Owen Dealerships Limited

## Notes to the financial statements for the year ended 30 April 2018 (continued)

### 19 Called up share capital

	2018 £'000	2017 £'000
<b>Allotted, called up and fully paid</b>		
10,000,000 ordinary shares of 25p each	2,500	2,500

### 20 Commitments under operating leases

The total future value of minimum lease payments is due as follows:

	2018 £'000	2017 £'000
Within one year	1,073	1,074
Between two and five years	3,661	3,334
After five years	3,030	3,533
	<b>7,764</b>	<b>7,941</b>

### 21 Capital Commitments

The Company has entered into agreements with certain vehicle leasing companies for the sale to them, and subsequent repurchase of, a number of Maserati cars. The agreed re-purchase prices, set at the time of sale, amounted to £Nil at 30 April 2018 (2017: £523,106).

### 22 Contingent liabilities

Barclays Bank Plc holds unlimited guarantees by the Company in respect of amounts owing by H.R. Owen Plc, the holding company, and its subsidiaries. At 30 April 2018 the total amount outstanding to Barclays Bank Plc by H.R. Owen Plc and its subsidiaries in respect of bank term loans, mortgages and overdrafts was £2,145,000 (2017: £4,000,000).

The Company has provided bank guarantees to certain parties which totalled £797,000 as at 30 April 2018 (2017: £771,000). The split between the 2018 bank guarantees is detailed below:

- Ferrari: £500,000
- DVLA: £32,000
- Ferrari (Euro): £265,000

# **H.R. Owen Dealerships Limited**

## **Notes to the financial statements for the year ended 30 April 2018 (continued)**

### **23 Pension obligations**

#### **Defined contribution schemes**

Pension costs for the defined contribution schemes for the year ended 30 April 2018 totalled £115,417 (2017: £126,990). Contributions, both employer and employee, amounting to £Nil (2017: £Nil) were outstanding at 30 April 2018.

#### **Defined benefit scheme**

The Company also operates the H.R. Owen London Defined Benefit Pension Scheme, a defined benefit pension scheme which operates on a pre-funded basis. The funding policy is to contribute such amounts as, on the advice of the Scheme's actuary, will achieve a 100% funding level on a projected salary basis. Actuarial assessments covering expense and contributions are carried out by independent qualified actuaries, with the last such review being carried out as at 5 April 2013 and updated to 30 April 2015, using the projected unit method. The Scheme was closed to future accrual in 2013.

The total pension expense for the year ended 30 April 2018 was £Nil (2017: £Nil). H.R. Owen Plc. A balance sheet accrual for contributions of £Nil exists at the year end (2017: £Nil).

Further details of the Group defined benefit scheme are disclosed in note 25 of the Group consolidated financial statements, which are available as disclosed in note 24 below.

### **24 Ultimate parent company and controlling party**

The immediate parent undertaking is H.R. Owen Plc, a company incorporated in England and Wales. The ultimate parent undertaking is Berjaya Corporation Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, Malaysia.

The largest group in which the results of the company are consolidated is that headed by Berjaya Corporation Berhad, incorporated in Malaysia. The consolidated accounts are available to the public and may be obtained from The Company Secretary, Berjaya Corporation Berhad, Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

The smallest group in which they are consolidated is that headed by H.R. Owen Plc, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from The Company Secretary, H.R. Owen Plc, Melton Court, Old Brompton Road, London SW7 3TD.

### **25 Post balance sheet events**

On 2 July 2018, the Group disposed of its BMW and Mini aftersales business for total consideration of £2,089,638. The assets, at the balance sheet date, that were disposed of are property, plant and equipment with a carrying value of £1,983,000 and inventories with a carrying value of £165,000; no adjustments have been made to book values as a result of the transaction. Of these disposed assets, those in the 30 April 2018 balance sheet of H.R. Owen Dealerships Limited are property, plant and equipment of £274,000. The directors do not consider that the disposed operation was held for sale at the balance sheet date and so the assets have not been presented as such, nor has the trading activity for the year ended 30 April 2018 been presented as discontinued operations.