

Registered number: 02986720

GUILDFORD PORTFOLIOS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



GUILDFORD PORTFOLIOS LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | B Moynahan L Shelly S P Kelly |
| Company secretary | S P Kelly |
| Registered number | 02986720 |
| Registered office | Vines House Slyfield Road Guildford GU1 1RD |
| Independent auditor | MHA 910 The Crescent Colchester Business Park Colchester Essex CO4 9YQ |
| Bankers | Lloyds Bank Plc |
| Solicitors | Waterfront Solicitors |

GUILDFORD PORTFOLIOS LIMITED

CONTENTS

| | Page |
|---|---------|
| Group strategic report | 1 - 6 |
| Directors' report | 7 - 9 |
| Directors' responsibilities statement | 10 |
| Independent auditor's report | 11 - 14 |
| Consolidated statement of comprehensive income | 15 |
| Consolidated balance sheet | 16 - 17 |
| Company balance sheet | 18 |
| Consolidated statement of changes in equity | 19 |
| Company statement of changes in equity | 20 |
| Consolidated statement of cash flows | 21 - 22 |
| Consolidated analysis of net debt | 23 |
| Notes to the financial statements | 24 - 46 |

GUILDFORD PORTFOLIOS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Review of the business and future prospects

In 2022 UK new car market registrations reduced by 2.0% against the already pandemic effected 2021. Against a backdrop of continued semiconductor shortages, supply chain challenges created by the war in Ukraine and Covid lockdowns in China, annual UK vehicle registrations fell to 1,614,063 (2021 - 1,647,181) units. This is the lowest number of new vehicle registrations since the early 1990's and around 700,000 unit below pre-pandemic levels.

Battery electric vehicles (BEV's) are now the second largest powertrain with 16.6% of all registrations, second only to petrol engines. Fleet and business buyers are responsible for most of these registrations with a 66.7% share. To meet the government's 2030 electric only targets, industry and government will need to do more to encourage private buyer to go electric.

The worldwide semiconductor shortage has continued throughout 2022 which led to an under supply versus real market demand. Due to the lack of new vehicles and shortage of 12 to 24 month-old used vehicles, profit margins on new vehicles have significantly increased vs 2021. Lower new vehicle supply between 2020 and 2022 has put pressure on sourcing used vehicles which resulted in continued increases or stabilisation of used vehicle values. As a result of increases in used vehicle values, the "normal" monthly depreciation risk on used vehicles has significantly reduced vs pre-pandemic levels.

The cost-of-living crisis, wages not keeping up with inflation and the highest interest rates since before the credit crunch of 2008 means that 2023 will be challenging, but lower supply than market demands will support both new and used vehicle profit margins.

Sales

Vines Limited ("Vines") was performing in line with BMW regional retailers average in sales volume for 2022. Vines BMW marque achieved an average of 997 units (2021 - 1,080) over three locations against the average of 957 (2021 - 1,004) for the region. The Vines MINI marque achieved 441 (2021 - 528) over three locations against the regional average of 480 (2021 - 503). The overall volume for the business was 5,849 (2021 - 5,992) new and used cars and motorcycles, a decrease of 2.4% (2021 - increase 6.6%).

Margin

New vehicle supply issues leading to demand outstripping availability has assisted in retail car sales margins improving compared to the prior year. Service labour margins were up by 1.6% (2021 - 5.1%) reflecting continued improvement in technician performance, however the now high proliferation of manufacturer service packs on vehicles and the competitive nature of retaining older car service business provide constant pressure on this area. The car industry is also experiencing a shortage of vehicle technicians due to other industries offering competitive remuneration packages to a well-trained workforce. Department returns from the service business remains higher than the average dealer, but our expectation is that this business will become increasingly competitive during 2023.

Overheads

The group overheads increased by 14.8% (2021 - 6.2%) compared to 2021. This is due to an end of business rates relief and inflationary pressures across various areas including gas and electricity. The Group expects inflationary pressures to continue during 2023, specifically in wages and business rates.

Results

The profit for the year after taxation was £4,487,843 (2021 - £2,806,351).

The Group had net assets of £14,418,826 at 31 December 2022 (2021 - £10,930,228), the directors consider this to be an adequate financial position.

GUILDFORD PORTFOLIOS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The UK has now left the EU, but uncertainty remains in relation to the medium-term impact of the agreed trade deal with the EU. These deals will have a particular impact on the automotive sector in the UK. Uncertainty is not helpful when it comes to making long term decisions, the Group continues to plan for different outcomes, to operate as 'business as usual' in so far as possible.

The effects of climate change and associated future legislative developments may potentially influence our business model and the way we work in the future. The pandemic has enhanced the public attention towards building a more sustainable business in the future, which will require investment in our economic, social and sustainability agenda.

Our performance is also reliant upon the continual development, revision, and refinement of BMW Group product range. The past five years has seen a surge of new model introductions complimented by improvements to the safety, design, economy, performance and technology across the entire product range with specific advances in electrification of various models.

The current "cost of living crisis", inflationary pressures and upward risk on interest rates may affect the purchasing power of customers.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk, price risk, credit risk and liquidity risk. The group does not use derivative financial instruments to manage these risks.

Cash flow risk

The net borrowings of the business are a combination of small finance leases and a secured mortgage loan on the Guildford premises which is at a fixed rate of interest. Interest on secured borrowings is at fixed rates and, therefore, the group is not significantly affected by fluctuations in the level of interest rates.

Price risk

The Group is exposed to commodity price risk but does not manage its exposure to this risk with derivatives due to cost benefit considerations.

Credit risk

The Group's principal financial assets are bank balances and trade debtors. The Group's credit risk is primarily attributable to its trade debtors. Credit checks are undertaken on new customers. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

The directors are aware of the risk to cash funds deposited with banks and monitor the credit ratings of the banks they deposit with on a regular basis. Should the credit ratings deteriorate the directors will seek alternative institutions with which to deposit funds.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the group uses a mixture of long-term and short-term debt finance.

GUILDFORD PORTFOLIOS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

There are a number of Key Performance Indicators ("KPI's") used for the business, from both our manufacturer partner and stakeholders in the business. The directors consider that the financial measurement of the business is highlighted by the following KPI's.

| | 2022 | 2021 |
|-------------------------|-------|-------|
| Operating profit margin | 2.90% | 2.28% |
| New vehicle volumes | 2,777 | 2,607 |
| Used vehicle volumes | 3,072 | 3,385 |

Operating profit margins improved or stayed the same year on year across all departments. Although new and used vehicle volume was significantly behind our expectations, the improvements in margins compensated for this.

The Directors also consider that the following non-financial KPI's to have significant meaning and bearing on the future prospects of the business.

1. Would our customers recommend our business to friends and colleagues?

This Net Promotor Score (NPS) advocacy test (with a possible range from -100 to +100) is the best measure of future referral and repeat business. For full year 2022, the feedback from our customers surveyed by the manufacturer indicated the following.

| | 2022 | | 2021 | |
|--------------|------|---------------------|------|---------------------|
| | NPS | Surveys returned | NPS | Surveys returned |
| BMW Sales | 88.4 | 489 | 78.8 | 352 |
| MINI Sales | 82.1 | 254 | 88.1 | 223 |
| BMW Service | 54.9 | 3,012 | 47.1 | 2,498 |
| MINI Service | 58.2 | 831 | 58.8 | 972 |

2. How successful are we at penetrating the local Total Industry Volume ("TIV")

Supplying cars to local customers improves our future aftersales opportunity and provides a positive opportunity for repeat business in the future. For full year 2022, the results are below.

Vines BMW marque achieved an average of 997 units (2021 – 1,080) over three locations against the average of 957 (2021 – 1,004) for the region. The Vines MINI marque achieved 441 (2021 – 528) over three locations against the regional average of 480 (2021 – 503).

GUILDFORD PORTFOLIOS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments and going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from signing financial statements.

At the end of half year one 2023 the business has overachieved its budget ambitions by 39%. This is on the back of better margin retention on new vehicles and continued good profit performance on used vehicles. Aftersales profitability has also recovered against 2022 performance led by an increase in service work undertaken. This is partly due to shorter service intervals due to more mileage traveled by customers vs the previous 2 years when, due to Covid restrictions, customers traveled less.

The BMW Franchise Agreement runs for a period of 5 years and was last signed on 30 October 2018, providing a confirmed contract for continued trading until October 2023 at the earliest. The business has received confirmation from BMW UK that they intend to renew the contract for a further 5 years from October 2023.

As the business has significant unused cash on the balance sheet the decision was taken not to fund a proportion of the used stock via traditional dealer funding options but to self-fund the vehicles out of cash to reduce interest expenses. The Group meets the day-to-day working capital requirements via a mixture of funding facilities provided by BMW Financial Services GB Ltd. There are no financial covenants the business must adhere to.

In November each year, BMW UK present to the network the material information relevant for setting a retailer's budget which includes sales volumes, available margins, and any tactical programmes. Vines then translate this into our localised budget for the business and Group. We make assumptions regarding the transaction margins based on current trading and by tracking performance on a rolling 12-month basis (at the point of budget creation in December) we then plan for revenue, cost of sales and operating expense accordingly.

The budget for 2023 has been prepared considering our most recent trading experience, which has demonstrated a continual monthly profit since March 2021, the last full month of the 3rd Covid lockdown. This has then had a sensitivity applied which assumes a potential market downturn of ten percent.

BMW UK has a series of new models providing additional profit opportunity over the course of the next 12 months, namely full electric X1, X7, 5 & 7 series as well as the highly anticipated M2 and various other mid cycle upgrades to various models.

As part of BMW UK retailer standards and the growing number of electric vehicles in the BMW and MINI lineup, the Company has invested significantly into the electrification of the three sites and the project was completed at the end of quarter 1 2023. This will comply with BMW standards up to 2028.

After making enquiries, reviewing the internal budget projections and considering the uncertainties described above, the directors have a reasonable expectation that the Group has adequate resources available to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and financial statements. Details of significant events since the balance sheet date are contained in note 26 to the financial statements.

GUILDFORD PORTFOLIOS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' statement of compliance with duty to promote the success of the Group

The Directors of the Group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customer and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct and;
- The need to act fairly as between shareholders of the Company.

The Directors are briefed on their duties and they can access professional advice on these, either from the Company secretary, or if they judge necessary from an independent advisor. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the Group.

In the interest of Vines's employees, the Group has regular employee focus groups to consider how the conditions at work can be improved and to establish an acceptable work life balance. The Group also has bi-annual employee engagement surveys to ensure Vines fulfil the needs of our employees. Actions that followed from these are additional holiday and improved breakout rooms at all three sites. A monthly newsletter is sent to all employees detailing business performance and news relating to the motor industry. Quarterly video communications are also sent to all employees giving business updates including performance, ambitions and future developments.

Although 2021 was still affected with a lockdown and various other restrictions, Vines did get involved in the local community with various sponsorships of local sport clubs and local events like Crawley Pride. Vines also sponsors charities like Dreamflight and raffle donations to local charities.

All of Guildford Portfolios Limited's ordinary shares are owned by A.L.Shelly Marital Trust #2. The Trust's sole purpose is to provide long term investment value to the Trustees. Regular external valuations are performed to ensure Vines comply to this goal. Regular external valuations are performed to ensure Vines comply to this goal. during 2021 A & B Growth shares were issued to Sean Kelly. Benefits of owning these shares will only arise if surplus balance sheet value exceeds £16m and if Vines Limited is sold.

The Board of Directors consider that during the year ended 31 December 2022, individually and together that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and in accordance with the matters set out above. The Directors' behaviours are intended to reinforce this duty and help foster the Company's values and culture, align them to the Group's goals and objectives, set within the context of alignment with the interests of all stakeholders, where possible.

GUILDFORD PORTFOLIOS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Engagement with suppliers, customers and others

The board considers fostering business relationships with stakeholders, such as customers and suppliers key to the Group's success. The board maintains visibility of these relationships so that it can take stakeholders' considerations into account when making decisions. In their decision making the directors have regard to the impact of the Group's activities, not only on the stakeholders, but also the community and environment. This includes setting, updating and monitoring company strategy and managing and mitigating risk. We have a long-standing overarching strategy 'winning together' which details the objectives, strategy and tactics for the organisation.

Statement of corporate governance arrangements

The board of directors' intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within exacting standards of business conduct and good governance expected for a business such as ours. The Group has approximately 300 members of staff and ensures they are aware of strategic decisions via regular video communication, training is provided across a wide range of risk and governance areas, including but not limited to FCA compliance, GDPR and UK employment law.

The directors' behaviours are intended to reinforce this duty and help foster the Group's values and culture, align them to the company's goals and objectives, set within the context of alignment with the interests of all stakeholders, where possible.

This report was approved by the board and signed on its behalf.


S P Kelly
Director

Date:

1/8/23

GUILDFORD PORTFOLIOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activities of the Group are the sale and servicing of motor vehicles.

Directors

The Directors who served during the year were:

B Moynahan
L Shelly
S P Kelly

Results and dividends

The profit for the year, after taxation, amounted to £4,487,843 (2021 - £2,806,351).

The Directors have authorised and paid a dividend of £1,000,000 (2021 - £1,500,000).

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Engagement with employees

We have maintained our commitment to employee involvement throughout the business. Employees are kept well informed of the performance and objectives of the company through personal briefings, regular meetings, email messages, video messages and via the company's intranet. While some remote working is still done, most employees are now working full time from the Group's premises. The board is grateful for the continued support and loyalty by its staff, clients and candidates.

Employment policy

It is the policy of the Group that training, career development and promotion opportunities should be available to all employees. The Directors are committed to encouraging employee involvement in the business.

Disabled employees

Full and fair consideration has and will be given to employment applications from disabled persons having regard to their particular aptitude and abilities. If an appropriate vacancy is available then, where practical, arrangements will be made to continue under normal terms and conditions the employment of an employee who becomes disabled. Disabled employees are given fair consideration for training, career development and promotion.

GUILDFORD PORTFOLIOS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Greenhouse gas emissions, energy consumption and energy efficiency action

This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 January 2022 to 31 December 2022, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the government's Streamlined Energy and Carbon Reporting (SECR) policy.

Our methodology to calculate our greenhouse gas emissions is based on the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)' issued by DEFRA, using DEFRA's 2021 and 2022 conversion factors as applicable. In some cases, consumption has been extrapolated from available data or direct comparison made to a comparable period.

We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

During the reporting period, various LED lighting upgrades have been completed across the group. Additionally, we continue to run an awareness campaign with staff in order to promote behavioural changes and to closely monitor our BMS to ensure best performance.

The table below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio.

| | 2022 | 2021 |
|--|-------|-------|
| Total energy consumption - used for emissions calculation (kWh) | | |
| Gas combustion emissions - Scope 1 (tCO ₂ e) | 144 | 178 |
| Purchased electricity emissions - Scope 2 (tCO ₂ e) | 284 | 335 |
| Vehicle fuel combustion emissions - Scope 1 (tCO ₂ e) | 230 | 388 |
| Vehicle fuel combustion emissions - Scope 3 (tCO ₂ e) | - | - |
| Total gross reported emissions (tCO ₂ e) | 658 | 901 |
| Turnover (£m) | 218.7 | 196.2 |
| Intensity ratio - Turnover (tCO ₂ e / £m) | 3.0 | 4.6 |

Matters covered in the Group Strategic Report

In accordance with Section 414c (11) of the Companies Act 2006, the Directors have chosen to include the following items in the Strategic Report:

- Principal activities and business review
- Future prospects
- Principal risks and uncertainties
- Engagement with suppliers, customers and others

GUILDFORD PORTFOLIOS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

Following a rebranding exercise on 15 May 2023 the trading name of the Group's independent auditor changed from MHA MacIntyre Hudson to MHA. The auditor, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


S P Kelly
Director

Date:

1/8/23

GUILDFORD PORTFOLIOS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Group's financial statements 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 Group 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 the Group and to 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.

GUILDFORD PORTFOLIOS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUILDFORD PORTFOLIOS LIMITED

Opinion

We have audited the financial statements of Guildford Portfolios Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

GUILDFORD PORTFOLIOS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUILDFORD PORTFOLIOS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

GUILDFORD PORTFOLIOS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUILDFORD PORTFOLIOS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group'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.

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 Group financial statements.

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

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditor's report.

GUILDFORD PORTFOLIOS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUILDFORD PORTFOLIOS LIMITED
(CONTINUED)**

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.



Cara Miller ACCA (Senior statutory auditor)

for and on behalf of

MHA

Colchester, United Kingdom

Date: 1 August 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312312).

GUILDFORD PORTFOLIOS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Note | 2022 £ | 2021 £ |
|---|------|-------------------|-------------------|
| Turnover | 4 | 218,689,254 | 196,243,015 |
| Cost of sales | | (187,333,623) | (168,021,609) |
| Gross profit | | 31,355,631 | 28,221,406 |
| Administrative expenses | | (25,006,772) | (23,869,698) |
| Other operating income | | - | 101,271 |
| Operating profit | 5 | 6,348,859 | 4,452,979 |
| Interest payable and similar expenses | 9 | (601,350) | (520,450) |
| Profit before taxation | | 5,747,509 | 3,932,529 |
| Tax on profit | 10 | (1,259,666) | (1,126,178) |
| Profit for the financial year | | 4,487,843 | 2,806,351 |
| Gains arising on revaluation of tangible fixed assets | | - | 1,032,900 |
| Deferred tax charge on the revaluation of tangible fixed assets | | - | (373,531) |
| Other comprehensive income for the year | | - | 659,369 |
| Total comprehensive income for the year | | 4,487,843 | 3,465,720 |
| Profit for the year attributable to: | | | |
| Owners of the parent Company | | 4,487,843 | 2,806,351 |
| | | 4,487,843 | 2,806,351 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the parent Company | | 4,487,843 | 3,465,720 |
| | | 4,487,843 | 3,465,720 |

The notes on pages 24 to 46 form part of these financial statements.

GUILDFORD PORTFOLIOS LIMITED
REGISTERED NUMBER: 02986720

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

| | Note | 2022 £ | 2021 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 11,980,959 | 11,855,419 |
| | | <u>11,980,959</u> | <u>11,855,419</u> |
| Current assets | | | |
| Stocks | 15 | 30,015,028 | 27,892,662 |
| Debtors: amounts falling due within one year | 16 | 8,199,617 | 5,858,702 |
| Cash at bank and in hand | 17 | 1,257,578 | 2,174,290 |
| | | <u>39,472,223</u> | <u>35,925,654</u> |
| Creditors: amounts falling due within one year | 18 | (31,117,216) | (30,829,093) |
| Net current assets | | <u>8,355,007</u> | <u>5,096,561</u> |
| Total assets less current liabilities | | <u>20,335,966</u> | <u>16,951,980</u> |
| Creditors: amounts falling due after more than one year | 19 | (3,777,808) | (4,111,144) |
| Provisions for liabilities | | | |
| Deferred taxation | 21 | (2,139,332) | (1,909,853) |
| | | <u>(2,139,332)</u> | <u>(1,909,853)</u> |
| Net assets excluding pension asset | | <u>14,418,826</u> | <u>10,930,983</u> |
| Net assets | | <u>14,418,826</u> | <u>10,930,983</u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 6,794,969 | 6,794,969 |
| Revaluation reserve | 23 | 2,228,796 | 2,228,796 |
| Other reserves | 23 | 800 | 800 |
| Profit and loss account | 23 | 5,394,261 | 1,906,418 |
| Equity attributable to owners of the parent Company | | <u>14,418,826</u> | <u>10,930,983</u> |
| | | <u>14,418,826</u> | <u>10,930,983</u> |

GUILDFORD PORTFOLIOS LIMITED
REGISTERED NUMBER: 02986720

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


S P Kelly
Director

Date:

1/8/23

The notes on pages 24 to 46 form part of these financial statements.

GUILDFORD PORTFOLIOS LIMITED
REGISTERED NUMBER: 02986720

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

| | Note | 2022 £ | 2021 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Investments | 14 | 11,822,119 | 11,822,119 |
| | | <u>11,822,119</u> | <u>11,822,119</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 755 | 755 |
| | | <u>755</u> | <u>755</u> |
| Total assets less current liabilities | | <u>11,822,874</u> | <u>11,822,874</u> |
| Net assets excluding pension asset | | <u>11,822,874</u> | <u>11,822,874</u> |
| Net assets | | <u>11,822,874</u> | <u>11,822,874</u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 6,794,969 | 6,794,969 |
| Other reserves | 23 | 800 | 800 |
| Profit for the year | | 1,000,000 | 1,500,000 |
| Dividends paid | | <u>(1,000,000)</u> | <u>(1,500,000)</u> |
| Profit and loss account | 23 | 5,027,105 | 5,027,105 |
| | | <u>11,822,874</u> | <u>11,822,874</u> |

The profit after tax of the parent company for the year was £1,000,000 (2021 - £1,500,000)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S P Kelly
 Director

Date: 1/8/23

The notes on pages 24 to 46 form part of these financial statements.

GUILDFORD PORTFOLIOS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Called up share capital £ | Revaluation reserve £ | Other reserves £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|-----------------------------|------------------------|---------------------------------|--------------------|
| At 1 January 2021 | 6,794,969 | 1,569,427 | 800 | 600,067 | 8,965,263 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 2,806,351 | 2,806,351 |
| Surplus on revaluation of leasehold property | - | 1,032,900 | - | - | 1,032,900 |
| Deferred tax on revaluation of leasehold property | - | (373,531) | - | - | (373,531) |
| Other comprehensive income for the year | - | 659,369 | - | - | 659,369 |
| Total comprehensive income for the year | - | 659,369 | - | 2,806,351 | 3,465,720 |
| Contributions by and distributions to owners | | | | | |
| Dividends: Equity capital | - | - | - | (1,500,000) | (1,500,000) |
| Total transactions with owners | - | - | - | (1,500,000) | (1,500,000) |
| At 1 January 2022 | 6,794,969 | 2,228,796 | 800 | 1,906,418 | 10,930,983 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 4,487,843 | 4,487,843 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 4,487,843 | 4,487,843 |
| Contributions by and distributions to owners | | | | | |
| Dividends: Equity capital | - | - | - | (1,000,000) | (1,000,000) |
| Total transactions with owners | - | - | - | (1,000,000) | (1,000,000) |
| At 31 December 2022 | 6,794,969 | 2,228,796 | 800 | 5,394,261 | 14,418,826 |

The notes on pages 24 to 46 form part of these financial statements.

GUILDFORD PORTFOLIOS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Called up share capital £ | Other reserves £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|------------------------|---------------------------------|-------------------|
| At 1 January 2021 | 6,794,969 | 800 | 5,027,105 | 11,822,874 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 1,500,000 | 1,500,000 |
| | | | | |
| Other comprehensive income for the year | - | - | - | - |
| | | | | |
| Total comprehensive income for the year | - | - | 1,500,000 | 1,500,000 |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (1,500,000) | (1,500,000) |
| | | | | |
| Total transactions with owners | - | - | (1,500,000) | (1,500,000) |
| | | | | |
| At 1 January 2022 | 6,794,969 | 800 | 5,027,105 | 11,822,874 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 1,000,000 | 1,000,000 |
| | | | | |
| Other comprehensive income for the year | - | - | - | - |
| | | | | |
| Total comprehensive income for the year | - | - | 1,000,000 | 1,000,000 |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (1,000,000) | (1,000,000) |
| | | | | |
| Total transactions with owners | - | - | (1,000,000) | (1,000,000) |
| | | | | |
| At 31 December 2022 | 6,794,969 | 800 | 5,027,105 | 11,822,874 |

The notes on pages 24 to 46 form part of these financial statements.

GUILDFORD PORTFOLIOS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 2022 £ | As restated 2021 £ |
|---|--------------------|--------------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 4,487,843 | 2,806,351 |
| Adjustments for: | | |
| Depreciation of tangible assets | 1,087,165 | 967,800 |
| Interest paid | 601,350 | 520,450 |
| Taxation charge | 1,259,666 | 1,126,178 |
| (Increase)/decrease in stocks | (2,122,366) | 431,852 |
| (Increase) in debtors | (2,228,430) | (936,067) |
| (Decrease) in creditors | (1,918,955) | (7,754,348) |
| Corporation tax (paid)/received | (1,558,642) | - |
| Net cash generated from operating activities | (392,369) | (2,837,784) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (1,225,145) | (438,006) |
| Sale of tangible fixed assets | 12,440 | - |
| Net cash from investing activities | (1,212,705) | (438,006) |
| Cash flows from financing activities | | |
| Repayment of loans | (333,336) | (333,336) |
| Dividends paid | (1,000,000) | (1,500,000) |
| Interest paid | (601,350) | (520,450) |
| Issue of share capital | - | 755 |
| Vehicle stock funding (non BMW Financial Services) | 2,623,048 | 2,285,236 |
| Net cash used in financing activities | 688,362 | (67,795) |
| Net (decrease) in cash and cash equivalents | (916,712) | (3,343,585) |
| Cash and cash equivalents at beginning of year | 2,174,290 | 5,517,875 |
| Cash and cash equivalents at the end of year | 1,257,578 | 2,174,290 |

GUILDFORD PORTFOLIOS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 2022 £ | As restated 2021 £ |
|--|------------------|--------------------------|
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 1,257,578 | 2,174,290 |
| | <u>1,257,578</u> | <u>2,174,290</u> |

The prior year cash flow has been restated. The restatement is to better reflect the nature and allocation of the items within the cashflow statement. These changes do not impact the result or balance sheet for the prior year.

The notes on pages 24 to 46 form part of these financial statements.

GUILDFORD PORTFOLIOS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | At 1 January 2022 £ | Cash flows £ | Other non- cash changes £ | At 31 December 2022 £ |
|--------------------------|------------------------------|------------------|------------------------------------|--------------------------------|
| Cash at bank and in hand | 2,174,290 | (916,712) | - | 1,257,578 |
| Debt due after 1 year | (4,111,144) | - | 333,336 | (3,777,808) |
| Debt due within 1 year | (333,336) | 333,336 | (333,336) | (333,336) |
| | <u>(2,270,190)</u> | <u>(583,376)</u> | <u>-</u> | <u>(2,853,566)</u> |

The notes on pages 24 to 46 form part of these financial statements.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Guildford Portfolios Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Directors Report.

The financial statements have been prepared under the historical cost convention, except for long leasehold properties which are held at revalued amounts, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Guildford Portfolios Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Given the continued strong performance since July 2020, the Directors are confident the Group has sufficient resources and sources of funds to operate for the foreseeable future.

The BMW Franchise Agreement runs for a period of 5 years and was last signed on the 30th of October 2018, providing a confirmed contract for continued trading until 2023 at the earliest. The business has received confirmation from BMW UK that they intend to renew the contract for a further 5 years from October 2023.

The Group monitors its cash position on a daily basis with associated opening (and forecasted) closing balances. This has been provided by the Vines Group Financial Controller.

In November each year, BMW UK present to the network the material information relevant for setting a retailers budget. This includes sales volumes, available margins and any tactical programmes. Vines then translate this into our localised budget for the business and Group.

The Group makes assumptions regarding the transaction margins based on current trading and by tracking performance on a rolling 12 month basis (at point of budget creation in December) the Group then plans for revenue, cost of sales and operating expense accordingly.

Due to the continued worldwide semi-conductor shortages, BMW UK are currently under supplying the UK marketplace which allow Vines and our competitors to increase transactional margins over the medium term. For 2023 BMW have provided Vines with a similar volume target compared to 2022 initial target.

During 2023 Vines will further develop our CHIPs programme, looking to further focus on areas of gross profit growths, whilst carefully monitoring inflationary pressures on overheads and running costs.

BMW UK has a series of new models providing additional profit opportunity over the course of the next 12 months, namely full electric X1, X7, 5 & 7 series as well as the highly anticipated M2 and various other mid cycle upgrades to various models.

The Group's cash management during 2022 demonstrated its ability to operate within funding limits, even during periods of severe restrictions. Vines shows no requirement for additional liquidity to support the business beyond current amounts for the foreseeable future.

Although profitability has reduced in the first half of 2023 vs 2022, we overachieved our half year budget by 39% with continued strong margin achievement in new and used vehicles and over all aftersales departments. Our outlook for the remainder of 2023 remains strong, although the second half of 2023 faces the continued challenges of persistent inflation, elevated interest rates and squeezed incomes.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern (continued)

After making enquiries, reviewing the internal budget projections and considering the uncertainties described above, the directors have a reasonable expectation that the Group has adequate resources available to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the Annual Report and financial statements. Details of significant events since the Balance Sheet date are contained in Note 26 to the financial statements.

2.4 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of trade discounts and value added tax. Turnover is recognised when the risks and rewards are transferred to the customer at the point of delivery and registration of vehicles, parts and services. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2: Accounting policies (continued)

2.6 Pensions

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. For defined contribution schemes the amount charged to the Statement of Comprehensive Income account in respect of pension costs and other post-retirement benefit is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the Balance Sheet.

The total cost charged to the Statement of Comprehensive Income of £226,152 (2021 - £208,315) represents contributions payable by the Company at rates specified in the rules of the plan.

2.7 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.10 Intangible assets

On the acquisition of a business operation, fair values are attributed to the net separable assets purchased. Where the fair value of the consideration given exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill, and is written off to profit and loss account over 20 years for Vines Limited; the directors' best estimate of the useful economic life. Acquisitions are accounted for under the acquisition method.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-------------------------------|------------------------|
| Long-term leasehold property | - 2% |
| Short-term leasehold property | - over period of lease |
| Plant and machinery | - 20% - 33.33% |
| Motor vehicles | - 25% |
| Fixtures and fittings | - 10% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

The assets acquired from Vines of Guildford as part of the transfer of trade and assets at 31 December 2012 were transferred at net book value. These assets are depreciated based on the above rates applied to their original cost as their useful economic lives remain unchanged.

2.12 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Statement of Comprehensive Income.

The property was last revalued on 28 April 2022.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

When the substantial risks and rewards of ownership have been transferred to the retailer, consignment stocks are then included on the balance sheet and a corresponding liability to the manufacturer recognised. Any deposits paid have been deducted from the liability.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.19 Financial instruments (continued)

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Principal vs Agent on corporate sales

Management must make a judgement as to whether the Group acts as the principal or agent on corporate sales where BMW initiates the sale with the customer. On balance, management makes the judgement that the Company operates as the principal due to having price autonomy and the risk of credit loss. Corporate car sales recognised during 2022 were £16,333,545 (2021 - £10,716,290).

Key source of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The presence of persistent inflation, elevated interest rates, "cost of living challenges" and the Russia/Ukraine war have increased those risks but is not considered to have changed them or added further material risks.

Used vehicle stock valuations

Used vehicle stock is purchased from auctions, other trade sources and private individuals and by its very nature is age, condition and specification dependent. Used vehicle stock is a depreciating stock item and devalues monthly, making an exact stock value uncertain. However, senior management reviews values of stock on a monthly basis against trade valuation publications (CAP valuations) and internet valuations of similar stock at other BMW & MINI retailers. Any possible overvaluations are corrected by reducing the stock value through the profit and loss accounts in the accounting period on the basis of lowest of cost or net realisable value.

The carrying value of used vehicle stock at the end of the year was £19,679,229 (2021 - £18,781,562).

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

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

| | 2022 £ | 2021 £ |
|-----------------------|--------------------|--------------------|
| Sale of goods | 211,788,771 | 189,742,275 |
| Rendering of services | 6,900,483 | 6,500,740 |
| | <u>218,689,254</u> | <u>196,243,015</u> |

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets | 1,087,165 | 967,800 |
| Rentals under operating leases | 1,365,865 | 1,232,122 |
| Impairment of stock recognised as an expense | 1,069,380 | 1,851,258 |
| | <u></u> | <u></u> |

6. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor:

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements | 3,300 | 3,000 |
| Fees payable to the Company's auditor in respect of: | | |
| The auditing of accounts of the Company's subsidiary undertakings | 46,500 | 43,000 |
| Taxation compliance services | 5,200 | 18,599 |
| All non-audit services not included above | 3,000 | 15,850 |
| | <u></u> | <u></u> |

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 13,224,522 | 12,336,594 | - | - |
| Social security costs | 1,466,990 | 1,279,941 | - | - |
| Cost of defined contribution scheme | 226,152 | 208,315 | - | - |
| | <u>14,917,664</u> | <u>13,824,850</u> | <u>-</u> | <u>-</u> |

The Group has used the Government's Coronavirus Job Retention Scheme ("CJRS") of £NIL (2021 - £101,271) during the first lockdown to help with employees' wages, national insurance and pension contributions. The CJRS grant received is accounted for as Other Income in the Statement of Comprehensive Income.

At the Balance Sheet date there were pension commitments payable of £53,131 (2021 - £55,988) included within other creditors.

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

| | 2022 No. | 2021 No. |
|-----------------------|---------------------|---------------------|
| Sales and after sales | 204 | 190 |
| Administration | 96 | 97 |
| | <u>300</u> | <u>287</u> |

The Company has no employees other than the Director, who did not receive any remuneration (2021 - £NIL)

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

| | 2022 £ | 2021 £ |
|---|-------------------------|-------------------------|
| Directors' emoluments | 735,582 | 649,315 |
| Group contributions to defined contribution pension schemes | 12,000 | 12,000 |
| | 747,582 | 661,315 |

During the year retirement benefits were accruing to 1 Director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £735,000 (2021 - £649,315).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £12,000 (2021 - £12,000).

Amounts due under performance related long term incentive plans are £612,397 (2021 - £286,815).

9. Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|-----------------------------|-------------------------|-------------------------|
| Other loan interest payable | 601,350 | 520,450 |
| | 601,350 | 520,450 |

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation

| | 2022 | <i>As restated</i> |
|--|------------------|--------------------|
| | £ | 2021 |
| | | £ |
| Corporation tax | | |
| Current tax on profits for the year | 1,045,354 | 415,970 |
| | 1,045,354 | 415,970 |
| | 1,045,354 | 415,970 |
| Total current tax | 1,045,354 | 415,970 |
| Deferred tax | | |
| Origination and reversal of timing differences | 214,312 | 478,514 |
| Changes to tax rates | - | 231,694 |
| | 214,312 | 710,208 |
| Total deferred tax | 214,312 | 710,208 |
| | 1,259,666 | 1,126,178 |
| Tax on profit | 1,259,666 | 1,126,178 |

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £ | As restated 2021 £ |
|--|------------------|--------------------------|
| Profit on ordinary activities before tax | 5,747,509 | 3,932,529 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 1,092,027 | 747,181 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 18,897 | 2,431 |
| Fixed asset differences | 148,742 | (246,902) |
| Effect of change in tax rate | - | 436,184 |
| Movement in deferred tax not recognised | - | (8,714) |
| Income not liable for tax purposes | - | (253) |
| Chargeable gain/(losses) | - | 196,251 |
| Total tax charge for the year | 1,259,666 | 1,126,178 |

The prior year analysis table has been restated, this is to more accurately detail the impact of corporation and deferred tax movements through the Statement of Comprehensive Income. This restatement is for analysis purposes only and does not impact the result for the year ended 31 December 2021.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

| | 2022 £ | 2021 £ |
|----------------|------------------|------------------|
| Dividends paid | 1,000,000 | 1,500,000 |
| | 1,000,000 | 1,500,000 |

The dividends paid per share amounted to £0.15 (2021 - £0.22).

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Intangible assets

Group

Goodwill
£

Cost

At 1 January 2022

1,732,705

At 31 December 2022

1,732,705

Amortisation

At 1 January 2022

1,732,705

At 31 December 2022

1,732,705

Net book value

At 31 December 2022

-

At 31 December 2021

-

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Tangible fixed assets

Group

| | Long-term leasehold property £ | Short-term leasehold property £ | Plant, machinery, fixtures and fittings £ | Motor vehicles £ | Total £ |
|--|---|--|---|------------------------|------------|
| Cost or valuation | | | | | |
| At 1 January 2022 | 8,050,000 | 7,500,109 | 2,628,711 | 49,443 | 18,228,263 |
| Additions | - | 260,147 | 901,383 | 63,615 | 1,225,145 |
| Disposals | - | - | - | (35,125) | (35,125) |
| At 31 December 2022 | 8,050,000 | 7,760,256 | 3,530,094 | 77,933 | 19,418,283 |
| Depreciation | | | | | |
| At 1 January 2022 | - | 4,400,170 | 1,944,917 | 27,757 | 6,372,844 |
| Charge for the year on owned assets | 161,000 | 600,334 | 314,764 | 11,067 | 1,087,165 |
| Disposals | - | - | - | (22,685) | (22,685) |
| At 31 December 2022 | 161,000 | 5,000,504 | 2,259,681 | 16,139 | 7,437,324 |
| Net book value | | | | | |
| At 31 December 2022 | 7,889,000 | 2,759,752 | 1,270,413 | 61,794 | 11,980,959 |
| At 31 December 2021 | 8,050,000 | 3,099,939 | 683,794 | 21,686 | 11,855,419 |

In June 2007 the Guildford, long leasehold property was valued at £7.85m with a mortgage of £6.28m over 15 years. Whilst the directors were satisfied that the initial valuation represented the properties commercial value to the business the property is re-valued every 3 years. Accordingly, an independent external RICS registered valuer from Colliers International Property Advisors UK LLP, revalued the property in April 2022 for £8.05m and was reflected in the 31 December 2021 financial statements. The valuations were based upon an open market rental value of the property and assumes that property continues to trade with the benefit of a BMW franchise. The property is pledged as security for the mortgage.

If the long-term leasehold property was accounted for under the historic cost accounting rules, the value recognised would be £6,563,092 (2021 - £6,563,092) before depreciation charges, and £4,006,539 (2021 - £4,137,801) net of depreciation charges.

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Fixed asset investments

Company

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 January 2022 | 11,822,119 |
| At 31 December 2022 | <u>11,822,119</u> |

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Registered office | Class of shares | Holding |
|---------------|---|----------------------------|----------------|
| Vines Limited | Vines House, Slyfield Green, Guildford, GU1 1RD | Ordinary | 100% |

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

| Name | Aggregate of share capital and reserves | Profit/(Loss) |
|---------------|--|----------------------|
| Vines Limited | 14,418,071 | 4,487,843 |

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Stocks

| | Group 2022 £ | Group 2021 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Finished goods and goods for resale | 30,015,028 | 27,892,662 |
| | <u>30,015,028</u> | <u>27,892,662</u> |

Included within finished goods is £3,889,054 (2021 - £3,083,779) which is security for the demonstrator plan liability as disclosed in Note 18. Also included within finished goods are £5,476,028 (2021 - £3,196,657) in respect of stock held on consignment and £19,679,229 (2021 - £18,781,562) in respect of used vehicle stock. £8,557,716 (2021 - £9,429,302) of this consignment and used stock is fully paid for by the Company, and the remainder is security for the obligation under the wholesale stocking plan as disclosed in Note 18.

All vehicles ordered from the manufacturer are done so on a consigned basis at full value, transfer of ownership, and therefore payment by the Group, is driven by the status of the order. Generally, vehicles are consigned for a period of 180 days after which time the vehicle will be invoiced and "force paid" into Group stock. The exceptions to this are that the manufacturer can remove unsold consigned stock from the dealer at any time, vehicles ordered for customers and marked as sold prior to or during production will have a 30 day consignment period, vehicles marked sold after production have a 7 day consignment period. The manufacturer does not require any consignment deposits. During the year vehicle stock was impaired by £1,069,380 (2021 - £1,851,285).

16. Debtors

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 6,054,859 | 4,310,190 | - | - |
| Amounts owed by group undertakings | - | - | 755 | 755 |
| Other debtors | 305,097 | 56,326 | - | - |
| Prepayments and accrued income | 1,735,075 | 1,402,767 | - | - |
| Deferred taxation | 104,586 | 89,419 | - | - |
| | <u>8,199,617</u> | <u>5,858,702</u> | <u>755</u> | <u>755</u> |

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Cash and cash equivalents

| | Group 2022 £ | Group 2021 £ |
|--------------------------|-----------------------------|-----------------------------|
| Cash at bank and in hand | 1,257,578 | 2,174,290 |
| | <u>1,257,578</u> | <u>2,174,290</u> |

18. Creditors: Amounts falling due within one year

| | Group 2022 £ | Group 2021 £ |
|--|-----------------------------|-----------------------------|
| Secured mortgage loans | 333,336 | 333,336 |
| Obligations under demonstrator plans | 3,889,054 | 3,219,926 |
| Trade creditors | 10,003,658 | 11,419,412 |
| Obligations under wholesale and used stocking plan | 14,033,744 | 12,412,770 |
| Corporation tax | - | 415,970 |
| Other taxation and social security | 313,944 | 84,808 |
| Other creditors | 173,918 | 349,571 |
| Accruals and deferred income | 2,369,562 | 2,593,300 |
| | <u>31,117,216</u> | <u>30,829,093</u> |

19. Creditors: Amounts falling due after more than one year

| | Group 2022 £ | Group 2021 £ |
|------------------------|-----------------------------|-----------------------------|
| Secured mortgage loans | 3,777,808 | 4,111,144 |
| | <u>3,777,808</u> | <u>4,111,144</u> |

The mortgage loan is secured by a first mortgage on the long leasehold property held by the Group. The mortgage loan attracts interest at 4%. The mortgage loan is repayable by monthly instalments over the period to September 2034.

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Loans

Analysis of the maturity of loans is given below:

| | Group 2022 £ | Group 2021 £ |
|--|-----------------------------|-----------------------------|
| Amounts falling due within one year | | |
| Secured mortgage loans | 333,336 | 333,336 |
| | <u>333,336</u> | <u>333,336</u> |
| Amounts falling due 1-2 years | | |
| Secured mortgage loans | 333,336 | 333,336 |
| | <u>333,336</u> | <u>333,336</u> |
| Amounts falling due 2-5 years | | |
| Secured mortgage loans | 1,000,008 | 1,000,008 |
| | <u>1,000,008</u> | <u>1,000,008</u> |
| Amounts falling due after more than 5 years | | |
| Secured mortgage loans | 2,444,464 | 2,777,800 |
| | <u>2,444,464</u> | <u>2,777,800</u> |
| | <u><u>4,111,144</u></u> | <u><u>4,444,480</u></u> |

21. Deferred taxation

Group

| | 2022 £ | 2021 £ |
|---------------------------|-------------------------|-------------------------|
| At beginning of year | 1,820,434 | 736,696 |
| Charged to profit or loss | 229,479 | 1,083,738 |
| Utilised in year | (15,167) | - |
| At end of year | <u><u>2,034,746</u></u> | <u><u>1,820,434</u></u> |

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Deferred taxation (continued)

| | Group 2022 £ | Group 2021 £ |
|---|-----------------------------|-----------------------------|
| Accelerated capital allowances | 1,397,665 | 1,168,186 |
| Short term timing differences - trading | (104,586) | (89,419) |
| Adjustment in respect of previous periods | 2,999 | 2,999 |
| Revaluation/fair value adjustments | 738,668 | 738,668 |
| | <u>2,034,746</u> | <u>1,820,434</u> |
| Comprising: | | |
| Asset - due within one year | 104,586 | 89,419 |
| Liability | (2,139,332) | (1,909,853) |
| | <u>(2,034,746)</u> | <u>(1,820,434)</u> |

22. Share capital

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| Allotted, called up and fully paid | | |
| 6,794,214 (2021 - 6,794,214) Ordinary shares of £1.000 each | 6,794,214 | 6,794,214 |
| 603,930 (2021 - 603,930) A Growth Shares shares of £0.001 each | 604 | 604 |
| 150,983 (2021 - 150,983) B Growth Shares shares of £0.001 each | 151 | 151 |
| | <u>6,794,969</u> | <u>6,794,969</u> |

The Company has one class of ordinary shares which carry no right to fixed income. The A & B growth shares do not entitle the shareholders to any dividend or any right to attend, speak or vote at a general meeting of the company. The A & B shares do entitle the shareholders to participate in the surplus proceeds should the company be sold and the surplus exceed £16 million and £21 million.

GUILDFORD PORTFOLIOS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Reserves

Revaluation reserve

The revaluation reserve is the accumulated non-distributable reserves on revaluation of the long-term leasehold property held by the Group. These are non-taxable and relate to fair value adjustments shown in the Statement of Comprehensive Income

Profit and loss account

The Profit and Loss account represents the accumulation of retained profits which are in the form of distributable reserves.

24. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2022 £ | <i>Group 2021 £</i> |
|--|-----------------------------|-----------------------------|
| Land and buildings | | |
| Not later than 1 year | 1,321,388 | 1,209,597 |
| Later than 1 year and not later than 5 years | 1,641,553 | 2,428,588 |
| Later than 5 years | 6,840,000 | 6,900,000 |
| | <u>9,802,941</u> | <u>10,538,185</u> |
| | Group 2022 £ | <i>Group 2021 £</i> |
| Other | | |
| Not later than 1 year | 35,477 | 22,525 |
| Later than 1 year and not later than 5 years | 82,470 | - |
| | <u>117,947</u> | <u>22,525</u> |

In August 2015, Vines Limited extended the ground rent lease for 21 Moorfield Road, Guildford to 125 years. The annual ground rent is £60,000 and is reviewed every 10 years to bring it in line with market rent values.

GUILDFORD PORTFOLIOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

25. Related party transactions

A related party, Redhill Redux LLC owns the freehold of the 10 Bonehurst Road, Salfords property (known as Vines of Redhill), during the year rent of £395,000 (2021 - £395,000) was paid to them under the terms of the continuing lease.

Redhill Redux LLC also owns the freehold of the Stephenson Way, Three Bridges, Crawley property (known as Vines of Gatwick) and rent of £565,000 (2021 - £565,000) was paid to them under the terms of continuing the lease. Redhill Redux is a company owned by Shelton Holdings LLC.

At the Balance Sheet date £240,000 (2021 - £240,000) was owed to Redhill Redux LLC.

The Group has taken the reduced disclosure exemption in section 33.7 in FRS 102 from the requirement to disclose Key Management Personnel remuneration as the Directors are considered to be the Key Management Personnel of the Group, with their remuneration disclosed in note 8.

26. Post balance sheet events

There are no post balance sheet events to report.

27. Ultimate controlling party

The ultimate controlling parties of the Company are the Trustees of the A L Shelly Marital Trust. The largest and smallest UK group that prepares consolidated accounts of which the Company is a member is Guildford Portfolios Limited.