

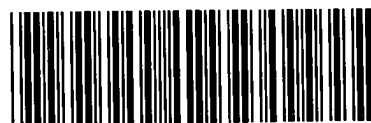
**Guildford Portfolios Limited**

**Annual report and financial statements**

**For the year ended 31 December 2020**

**Registered number: 02986720**

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COMPANIES HOUSE

# **Guildford Portfolios Limited**

## **Annual report and financial statements 2020**

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# **Guildford Portfolios Limited**

## **Annual report and financial statements**

### **Officers and professional advisers**

#### **Directors**

B Moynahan  
L Shelly  
S Kelly

#### **Company Secretary**

S Kelly

#### **Registered office**

Vines House  
Slyfield Green  
Woking Road  
Guildford  
Surrey  
United Kingdom  
GU1 1RD

#### **Bankers**

Lloyds Bank Plc

#### **Solicitors**

Waterfront Solicitors

#### **Independent auditor**

Deloitte LLP  
Statutory Auditor  
Hill House  
1 Little New Street  
London  
United Kingdom  
EC4A 3TR

# **Guildford Portfolios Limited**

## **Strategic report**

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### **Review of the business and future prospects**

The UK new car market fell by almost a third (29.4%) in 2020, with annual registrations dropping to 1,631,064 units, a 10.9% decline in December wrapped up a turbulent 12 months, which saw demand fall by 680,076 units to the lowest level of registrations since 1992.

Against a backdrop of Covid restrictions, an acceleration of the end of sale date for petrol and diesel cars to 2030 and Brexit uncertainty, the industry suffered a total turnover loss of some £20.4 billion. Private vehicle demand fell by 26.6% overall, amounting to a £1.9 billion loss of VAT to the Exchequer. The year saw 31.1% fewer vehicles joining large company car fleets.

The business benefitted during the period of Covid restrictions from UK Government support via the Coronavirus Job Retention Scheme, time to pay VAT scheme, and the cessation of business rates. The business implemented a restructure of our headcount (via redundancies) and implemented a new online sales proposition which was not present during the first lockdown.

Within this environment the group performed below our original expectations for the year and delivered a loss before tax of £196,082 (2019 – £1,733,053).

The group has recently undertaken several actions to address this position, including revision to our operating policies in used cars, finance sales and aftersales which provides the bulk of the improved gross profit planned in 2021. After recent significant capital spend on retailer redevelopments, the group has no further disruption or overhead costs associated with any of the Vines sites.

### **Sales**

Vines Limited ("Vines") outperformed the BMW network average in sales penetration of TIV. Vines penetration for the BMW marque achieving 7.8% (2019 – 8.1%) market penetration whilst the Vines MINI marque achieved 5.2% (2019 – 4.8%) market penetration. The overall volume for the business was 5,622 (2019 – 6,571) new and used cars and motorcycles, a significant 14.4% decrease (2019 – increase 3.2%).

### **Margins**

Manufacturer support during the coronavirus pandemic, including the amendment to target levels assisted in retail car sales margins improving compared to the prior year. Service labour margins were up by 2.5% (2019 +16.8%) 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. Department returns from the service business remains higher than the average dealer, but our expectation is that this business will become increasingly competitive during 2021.

### **Overheads**

The group overheads increase by 1.2% (2019 – 1%) compared to 2019 demonstrating a continued control over the fixed cost base for the business.

### **Results**

The loss for the year after taxation was £333,085 (2019 – loss £1,488,732).

The group had net assets of £8,964,508 at 31 December 2020 (2019 - £9,336,344), the directors consider this to be an adequate financial position.

### **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.

# Guildford Portfolios Limited

## Strategic report (continued)

	2020	2019
<b>Key Performance Indicators</b>		
Operating profit margin	0.35%	(0.48%)
New vehicle volumes	2,585	3,274
Used vehicle volumes	3,037	3,297

Operating profit margin improved year on year mainly due to increased profitability in Vines aftersales business. New vehicle volumes have decreased due to the impact of the coronavirus restrictions in trading lower demand across our retail and corporate sales channels. Used vehicle volumes suffered less given the buoyancy of this market post initial lockdown.

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 2020, the feedback from our customers surveyed by the manufacturer indicated the following;

	2020		2019	
	NPS	Surveys returned	NPS	Surveys returned
BMW Sales	75.9	274	75.8	348
MINI Sales	79.0	152	80.6	165
BMW Service	39.6	1,799	34.6	2,060
MINI Service	57.2	677	58.8	803

### 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 2020, the results are below.

Vines penetration for the BMW marque achieving 7.8% (2019 – 8.1%) market penetration compared to a national average of 5.5% (2019 – 5.5%) whilst the Vines MINI marque achieved 5.2% (2019 - 4.8%) market penetration also ahead of the national average of 3.5% (2019 – 3.5%).

### 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 company continues to plan for different outcomes, to operate as 'business as usual' in so far as possible.

The decline in turnover from the impact of Covid-19 is expected to have a limited effect on the company's liquidity position and reserves. This is due to the company receiving Job Retention Scheme support, could apply for relieve on business rates and decline on fixed payroll cost due to redundancies made during 2020.

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 may 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. Alongside manufacturer supported finance programmes, this has allowed almost unfettered volume growth over the period. Our best indications from BMW Group is that this will continue for the coming years and therefore provides a stable basis to grow and develop our business.

# **Guildford Portfolios Limited**

## **Strategic report (continued)**

### **Financial risk management objectives and policies**

The Company'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 Company'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.

### **Future Developments and Going Concern**

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

The Government has announced a 3<sup>rd</sup> lockdown for the UK on 4 January 2021 which disrupted all retail vehicle sales for quarter 1 2021 and the business experienced a decline in our aftersales business as a result of the Government's "stay at home" message. During quarter 1 no test drives or 'face to face' sales were allowed. Given the work undertaken during 2020 to restructure the business, setup of online business channels and Covid safe 'click and collect', the business was able to generate a profit in quarter 1 2021 and a £1.3 million trading profit improvement over quarter 1 2020.

Upon reopening the business fully on 12 April 2021, pent up demand for vehicles has driven good profitable trading performances. As a result, the business has eliminated our shortfall to planned profit before tax at the end of quarter 1 by the end of May 2021.

Given the work undertaken to restructure the business and the work undertaken to ready the business for the digital era, the business remained profitable during the second and third UK national lockdowns and therefore we do not expect to see a detrimental effect on profitability due to Covid related reasons during 2021. Our expectations for full year 2021 is to achieve our budgeted profit before tax of £1.2 million.

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 2023 at the earliest.

As the business has significant unused cash on the balance sheet the decision was taken to not fund a portion of the used stock via traditional dealer funding options but to self fund the vehicles out of cash to reduce interest expenses. The Company 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.

# **Guildford Portfolios Limited**

## **Strategic report (continued)**

### **Future Developments and Going Concern (continued)**

In November each year, BMW UK present to the network the material information relevant for setting a retailer's budget, this 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 point of budget creation in December) we then plan for revenue, cost of sales and operating expense accordingly.

The budget for 2021 and 2022 has been prepared in light of our most recent trading experience, which has demonstrated a continual monthly profit since reopening the business fully in June 2020, this has then had a sensitivity applied which assumes a potential market downturn of ten percent from current trading and one further period of lockdown during 2021.

BMW UK continues to react to the marketplace by improving the direct contributions for customers to allow Vines to increase transactional margins over the medium term and for 2021 have provided Vines with a static volume target, alleviating the necessity to self-register cars and reduce the balance sheet exposure of stock. For 2021, BMW has provided the BMW network with a simplified target and bonus arrangement designed to improve overall BMW Sales returns.

BMW UK has a series of new models (some in new market segments) providing additional profit opportunity over the course of the next 12 months, namely a 4 Series Convertible, full electric BMW X3, 4 Series and iNext, BMW M3 & M4 and a number of attractive Plug-In hybrid vehicles.

After making enquiries, reviewing the internal budget projections and considering the uncertainties described above, the directors have a reasonable expectation that the Company and Group have 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 25 to the financial statements.

### **Section 172 Statement**

The directors of the company, 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.

Vines 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 company.

In the interest of our employees, during the first Covid 19 lockdown, we updated employees regularly via videos giving health & mental health advice, business updates and explaining in great detail how we plan to reopen with clear timeframes. We have also invited employees to join Workplace, as Facebook product, to share with their colleagues what they are doing during furlough. Workplace also included fun family activities like quizzes and colouring competitions for children. As of November 2020, employee focus groups regularly get together and provide ideas how Vines can improve working conditions. We also do anonymous employee engagement surveys to ensure Vines fulfil the needs of our employees.

# **Guildford Portfolios Limited**

## **Strategic report (continued)**

### **Section 172 Statement (continued)**

Although we were not not allowed to sell vehicles during the first lockdown, we kept our aftersales departments open on a reduced capacity to ensure key workers and emergency vehicles could stay safely on the road. We also continued to supply BMW & MINI parts to other repair centres to enable them to keep key worker and emergency vehicles on the road. Due to Covid restriction, it was difficult to get involved with the local community and charities, although this activity has significantly increased during 2021.

All of Guildford Portfolios Limited share are owned by 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 done to ensure we comply to this goal.

The board of directors consider that during the year ended 31 December 2020, 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 company 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 company's goals and objectives, set within the context of alignment with the interests of all stakeholders, where possible.

### **Engagement with suppliers, customers and others**

The board considers fostering business relationships with stakeholders, such as customers and suppliers key to the company'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 company'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 the high standards of business conduct and good governance expected for a business such as ours. The company has approximately 290 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 company'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.

Further details of our engagement with wider stakeholders is provided in the Directors' Report.

This report was approved by the board on 30 March 2021 and signed on its behalf.



Sean Kelly  
Company Secretary

22 July 2021

### **Registered Office**

Vines House  
Slyfield Green  
Woking Road  
Guildford  
Surrey  
United Kingdom  
GU1 1RD



# **Guildford Portfolios Limited**

## **Directors' report**

The directors present their annual report on the affairs of the Group, together with the audited financial statements for the year ended 31 December 2020. The financial risk management objectives and policies including cash flow risk, credit risk and liquidity risk, are discussed in the Strategic Report on page 4. The going concern disclosure is discussed in the Strategic Report on pages 4 to 6.

### **Principal activities and future developments**

The principal activities of the company are the sale and servicing of motor vehicles. Future business developments have been discussed in the Strategic Report on pages 4 to 6. The post balance sheet events have been discussed in note 25.

### **Dividends**

The directors do not propose the payment of a dividend (2019 - £nil).

### **Directors**

The directors of the company who served throughout the year and up to date of signing were, unless otherwise stated, as follows:

B Moynahan  
L Shelly  
S Kelly

### **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.

### **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.

### **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. This approach enabled a smooth transition to remote working when, after period end, the United Kingdom went into lockdown. The board is grateful for the continued support and loyalty by its staff, clients and candidates.

### **Disabled persons**

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

### Energy and Emissions Reporting

This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 January 2020 to 31 December 2020, 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 2020 conversion factors. 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, no energy efficiency actions have been taken. The group do have an ongoing energy management program that included monitoring and targeted reporting of energy consumption to ensure we reduce energy usage where possible and reduce wastage. 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.

Total Energy Consumption – Used for Emissions Calculation (kWh)	4,083,704
Gas Combustion Emissions, Scope 1 (tCO <sub>2</sub> e)	150
Purchased Electricity Emissions, Scope 2 (tCO <sub>2</sub> e)	347
Vehicle Fuel Combustion Emissions, Scope 1 (tCO <sub>2</sub> e)	416
Vehicle Fuel Combustion Emissions, Scope 3 (tCO <sub>2</sub> e)	0
Total Gross Reported Emissions (tCO <sub>2</sub> e)	913
Turnover (£m)	158.8
Intensity Ratio: Turnover (tCO <sub>2</sub> e / £m)	5.8

### Auditor

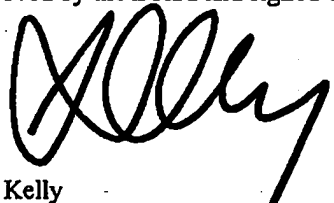
Deloitte LLP has expressed their willingness to continue in office as the company's auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

  
Sean Kelly  
Company Secretary

22 July 2021

### Registered Office

Vines House  
Slyfield Green  
Woking Road  
Guildford  
Surrey  
United Kingdom  
GU1 1RD

# **Guildford Portfolios Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

# **Independent auditor's report to the members of Guildford Portfolios Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Guildford Portfolios Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

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).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent'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.

### **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.

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group'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 financial statements.

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act Legislation and HMRC Regulations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Environmental Laws, Health and Safety Regulations, Employment Laws and Data Protection Laws.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognised in the incorrect period: we traced a sample of sales close to the year-end date to evidence of the date of collection to determine the period of revenue recognition;
- Incorrect valuation of used and demo stock: we agreed a sample of vehicles to purchase invoice and subsequent sales price to determine the appropriate value at year-end; and
- Investment impairment: we considered whether there are any indicators of impairment associated with the investment in Vines Limited.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

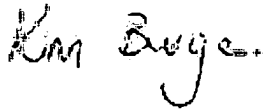
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

### **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.



Kim Burge FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
22 July 2021

## **Guildford Portfolios Limited**

### **Consolidated profit and loss account For the year ended 31 December 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
Turnover	3	158,818,732	190,566,151
Cost of sales		<u>(137,732,297)</u>	<u>(167,606,994)</u>
Gross profit		21,086,435	22,959,157
Administrative expenses		<u>(22,547,847)</u>	<u>(23,870,498)</u>
Other Income – Government Grants		2,011,426	-
Operating profit/(loss)		550,014	(911,341)
Interest payable and similar expenses	5	<u>(746,096)</u>	<u>(821,712)</u>
Loss before taxation	6	(196,082)	(1,733,053)
Tax on loss	9	<u>(137,003)</u>	<u>244,321</u>
Loss for the financial year		<u><u>(333,085)</u></u>	<u><u>(1,488,732)</u></u>

Turnover and operating profit are derived from continuing operations.

## **Guildford Portfolios Limited**

### **Consolidated statement of comprehensive income For the year ended 31 December 2020**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Loss for the financial year</b>	<b>(333,085)</b>	<b>(1,488,732)</b>
<b>Deferred tax charge on the revaluation of tangible fixed assets</b>	<b>(38,751)</b>	<b>0-</b>
<b>Other comprehensive expense</b>	<b>(38,751)</b>	<b>0-</b>
<b>Total comprehensive expense for the year</b>	<b><u>(371,836)</u></b>	<b><u>(1,488,732)</u></b>



# Guildford Portfolios Limited

## Consolidated balance sheet As at 31 December 2020

	Note	2020	2019
		£	£
<b>Fixed assets</b>			
Intangible assets	10	-	52,083
Tangible assets	11	11,352,253	12,239,358
		<u>11,352,253</u>	<u>12,291,441</u>
<b>Current assets</b>			
Stocks	13	28,324,514	36,292,373
Debtors	14	5,262,022	7,003,865
Cash at bank and in hand		5,517,875	2,668,872
		<u>39,104,411</u>	<u>45,965,110</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(35,882,172)</u>	<u>(43,288,319)</u>
<b>Net current assets</b>		<u>3,222,239</u>	<u>2,676,791</u>
<b>Total assets less current liabilities</b>		<u>14,574,492</u>	<u>14,968,232</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	(4,444,483)	(4,611,151)
<b>Provisions for liabilities</b>	18	<u>(1,165,501)</u>	<u>(1,020,737)</u>
<b>Net assets</b>		<u>8,964,508</u>	<u>9,336,344</u>
<b>Capital and reserves</b>			
Called up share capital	19	6,794,214	6,794,214
Other reserves		800	800
Revaluation reserve		1,569,427	1,608,178
Profit and loss account		600,067	933,152
<b>Shareholder's funds</b>		<u>8,964,508</u>	<u>9,336,344</u>

The financial statements of Guildford Portfolios Limited (registered number 02986720) were approved by the board of directors and authorised for issue on 22 July 2021.

They were signed on its behalf by:

  
S Kelly  
Director

# Guildford Portfolios Limited

## Company balance sheet At 31 December 2020

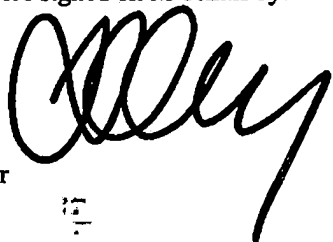
	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	12	11,822,119	11,822,119
<b>Current assets</b>			
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		11,822,119	11,822,119
<b>Net Assets</b>		11,822,119	11,822,119
<b>Capital and reserves</b>			
Called up share capital	19	6,794,214	6,794,214
Other Reserves		800	800
Profit and loss account		5,027,105	5,027,105
<b>Shareholders' funds</b>		11,822,119	11,822,119

There was no profit in the financial year within the financial statements of the parent company (2019: £nil).

The financial statements of Guildford Portfolios Limited (registered number 02986720) were approved by the board of directors and authorised for issue on 22 July 2021.

They were signed on its behalf by:

S Kelly  
Director



# Guildford Portfolios Limited

## Consolidated statement of changes in equity At 31 December 2020

	Called-up share capital £	Other reserves £	Revaluation reserve	Profit and loss account £	Total £
<b>At 1 January 2019</b>	6,794,214	800	1,608,178	2,421,884	10,825,076
Loss for the financial year	-	-	-	(1,488,732)	(1,488,732)
<b>Total comprehensive expense for the year</b>	-	-	-	(1,488,732)	(1,488,732)
<b>At 31 December 2019</b>	<u>6,794,214</u>	<u>800</u>	<u>1,608,178</u>	<u>933,152</u>	<u>9,336,344</u>
<b>At 1 January 2020</b>	6,794,214	800	1,608,178	933,152	9,336,344
Loss for the financial year	-	-	-	(333,085)	(333,085)
Deferred tax charge on the revaluation of tangible fixed assets	-	-	(38,751)	-	(38,751)
<b>Total comprehensive expense for the year</b>	-	-	(38,751)	(333,085)	(371,836)
<b>At 31 December 2020</b>	<u>6,794,214</u>	<u>800</u>	<u>1,569,427</u>	<u>600,067</u>	<u>8,964,508</u>

# Guildford Portfolios Limited

## Company statement of changes in equity At 31 December 2020

	Called-up Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2019	6,794,214	800	5,027,105	11,822,119
Profit and total comprehensive income for the year	-	-	-	-
At 31 December 2019	6,794,214	800	5,027,105	11,822,119
Profit and total comprehensive income for the year	-	-	-	-
At 31 December 2020	6,794,214	800	5,027,105	11,822,119

# Guildford Portfolios Limited

## Consolidated cash flow statement Year ended 31 December 2020

	Note	2020 £	2019 £
Net cash flows from/(used in) operating activities	21	1,382,842	(2,508,134)
<b>Cash flows from investing activities</b>			
Proceeds from the sale of equipment		-	7,511
Purchase of equipment		(53,157)	(382,619)
<b>Net cash flows used in investing activities</b>		<u>(53,157)</u>	<u>(375,108)</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(166,668)	(404,406)
Mortgage drawdown		-	3,674,198
Interest payments		(194,786)	(89,214)
Vehicle stock funding (non BMW Financial Services)		1,880,772	-
<b>Net cash flows from financing activities</b>		<u>1,519,318</u>	<u>3,180,578</u>
<b>Net increase in cash and cash equivalents</b>		2,849,003	297,336
<b>Cash and cash equivalents at the beginning of the year</b>		<u>2,668,872</u>	<u>2,371,536</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>5,517,875</u></u>	<u><u>2,668,872</u></u>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		<u>5,517,875</u>	<u>2,668,872</u>

# **Guildford Portfolios Limited**

## **Notes to the financial statements For the year ended 31 December 2020**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### **General information and basis of accounting**

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 on page 7.

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.

#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

#### **Going Concern**

The directors have a reasonable expectation that the Company 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.

Due to the impact of the initial Coronavirus lockdown, trading for motor retail deteriorated significantly in the first half of 2020. Given the subsequent 'recovery' post initial lockdown period, the directors are confident we have 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.

We monitor our cash position on a daily basis with associated opening (and forecasted) closing balances. This has been provided by the Vines Group Financial Controller. Should additional working capital funds be required we have immediate access to £1m from shareholders as and when required.

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.

We make 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) we then plan for revenue, cost of sales and operating expense accordingly.

# **Guildford Portfolios Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2020**

BMW UK continue to react to the marketplace by providing attractive incentives for customers to purchase their brands, this will allow Vines to increase transactional margins over the medium term. For 2021 BMW have provided Vines with a reduced volume target compared to 2020 initial target, alleviating the necessity to self-register cars and reduce the balance sheet exposure of stock.

For 2021, BMW have continued with the simplified target and bonus arrangement introduced in 2020 designed to improve overall BMW Sales returns.

During 2021 Vines will further develop our CHIPs programme, looking to further focus on areas of gross profit growths, whilst reducing overheads and running costs.

BMW UK have a series of new models (some in new market segments) providing additional profit opportunity over the course of the next 12 months, namely a new M3, M4 and 4 Series convertible, alongside two BEV vehicles the iX3 and iNext.

The circumstances resulting from COVID-19 has impacted on the trading performance of the company in the period from March 2020. Following UK government requirements, all vehicle sales operations closed from mid-March, with showrooms only reopening again from 1st June. Additionally service departments were also closed from mid-March until 11 May 2020, with the exception of provision for maintenance and repair work for the UK emergency services when needed. Although this shutdown created financial losses in April and May 2020, used sales and aftersales activity dramatically improved since June, which reported strong operating profits and cash flows for the final months of the year.

Our cash management during 2020 demonstrated our ability to operate within funding limits, even during periods of severe restrictions. Vines show no requirement for additional liquidity to support the business beyond current amounts for the foreseeable future. If this position materially changed, the business has the option of short term funding via the group shareholders.

We utilised the support of the Coronavirus Job Retention Scheme receiving just over £2.01m to support the wages of staff that would have otherwise been made redundant due to the enforced closure of our business. Upon reopening the business fully, we instigated a business restructure in light of an expected downturn in trading and the uncertainty facing the business. This restructure has reduced the annual payroll cost by £1.5m.

Our outlook has not changed a great deal in the last 12 months and business conditions remain challenging in the automotive sector with uncertainty remaining around Brexit and any further Coronavirus restrictions. The UK industry's new vehicle sales were severely impacted by Covid-enforced showroom closures, driving overall demand down -29.4% – a 680,076-unit decline equivalent to £20.4 billion in lost turnover.

The SMMT has revised its market outlook to 1.83 million new car registrations in 2021, down from the 1.89 million predicted in January. Most of these losses are expected to occur in March due to the third lockdown experienced from Jan - April. We have provided a forecast for the business that is conservative in terms of low units, margins and aftersales hours and gross profits, reflecting what we consider to be a worst case scenario for the business for 2021.

After making enquiries, reviewing the internal budget projections and considering the uncertainties described above, the directors have a reasonable expectation that the Company and Group have 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 25 to the financial statements.

#### **Intangible fixed assets**

Goodwill arising on the acquisition of Vines Limited is written off to the profit and loss account in equal annual instalments over 20 years.

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

# **Guildford Portfolios Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2020**

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.

#### **Tangible fixed assets**

Tangible fixed assets are stated in the balance sheet at cost or valuation less depreciation. Depreciation is provided at rates calculated to write down their cost to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives. The rates of depreciation are as follows:

Long leasehold property	- 2% per annum
Short leasehold property	- Over period of lease
Plant and machinery	- 20% - 33.33 % per annum
Fixtures and fittings	- 10% per annum
Motor vehicles	- 25% per annum

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.

#### **Revaluation of properties**

Individual freehold and leasehold properties are revalued every 3 years, as permitted under FRS 102, with the surplus and deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

The property was last revalued on 14 December 2018.

#### **Investments**

Investments held as fixed assets are stated at cost, less provision for any impairment in value.

#### **Financial instruments**

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

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

#### **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 Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



# **Guildford Portfolios Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2020**

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 company 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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, 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.

#### **Stocks**

Stocks and work-in-progress, are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete stock.

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.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

# **Guildford Portfolios Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2020**

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

#### **Leases**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

#### **Pension costs**

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and after 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 profit and loss account of £191,348 (2019 - £206,655) represents contributions payable by the company at rates specified in the rules of the plan.

#### **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.

#### **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.

# Guildford Portfolios Limited

## Notes to the financial statements

### For the year ended 31 December 2020

#### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, 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 Group operate as the principal due to having price autonomy and the risk of credit loss. Corporate car sales recognised during 2020 were £22,529,763 (2019 - £26,680,120)

#### *Impairment of investments*

Determining whether investments are impaired requires an estimation of the value in use of the investment. Management assess intangible assets for indicators of impairment on an ongoing basis. This was performed for the year ended 31 December 2020 and management did not identify any indicators of impairment. The carrying amount of investments at the balance sheet date was £11,822,119 (2019 - £11,822,119). No impairment loss was recognised during 2020 (2019 - £nil).

#### *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 COVID-19 has increased these 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. Used vehicle stock is a depreciating stock item and devalues monthly, making the estimated 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 the over-valuation is identified on the basis of lowest of cost or net realisable value.

The carrying value of used vehicle stock at the end of the period was £13,156,991 (2019 - £15,358,627).

#### 3. Turnover

The total turnover for the year has been derived from its principal activities wholly undertaken in the United Kingdom. Turnover excludes sales within the Group.

An analysis of the Group's turnover by type is set out below:

	2020 £	2019 £
<b>Analysis of the Company's turnover split:</b>		
Sale of Goods	152,408,317	182,960,949
Rendering of services	6,410,415	7,605,202
	<u>158,818,732</u>	<u>190,566,151</u>

# Guildford Portfolios Limited

## Notes to the financial statements

### For the year ended 31 December 2020

#### 4. Profit of the parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these audited statements. The parent company's result, for the year ended 31 December 2020 amounted to £nil (2019 - £nil).

#### 5. Finance costs (net)

	2020	2019
	£	£
Interest payable and similar charges		
Other loans	746,096	821,712

Interest on the related party loans of £3,178 (2019 - £9,452) was charged to the Group during the year.

#### 6. Loss before taxation

	2020	2019
	£	£
Loss before taxation is stated after charging:		
Rentals under operating leases	1,286,309	1,310,274
Depreciation on tangible fixed assets	940,262	943,183
Amortisation of goodwill	52,083	51,464
Profit on the sale of tangible fixed assets	-	697
Impairment of stock recognised as an expense	2,059,684	2,132,749

#### The analysis of auditor's remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual accounts	3,000	3,000
Fees payable to the company's auditor for other services to the group		
The audit of the company's subsidiary undertakings	62,000	47,000
<b>Total audit fees</b>	<b>65,000</b>	<b>50,000</b>
Taxation compliance services	12,950	9,321
Other taxation advisory services	706	185
Other services	0	4,854
<b>Total-non audit fees</b>	<b>13,656</b>	<b>14,360</b>

# Guildford Portfolios Limited

## Notes to the financial statements

### For the year ended 31 December 2020

#### 7. Staff numbers and costs

The company does not employ any staff directly. The average monthly number of persons (including directors) employed by the Vines Limited during the year was:

	2020 No.	2019 No.
Sales and after sales	219	229
Administration	118	128
	<u>337</u>	<u>357</u>

Their aggregate remuneration comprised (including directors):

	£	£
Wages and salaries	11,950,054	12,499,849
Social security costs	1,165,278	1,221,973
Pensions and other costs	212,572	219,180
	<u>13,327,904</u>	<u>13,941,002</u>

The company has used the Government's Coronavirus Job Retention Scheme (CJRS) of £2,011,426 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 Profit and Loss statement.

#### 8. Directors' remuneration and transactions

	2020 £	2019 £
<b>Directors' remuneration</b>		
Emoluments	420,000	310,000
Company contributions to pension scheme	12,000	12,000
	<u>432,000</u>	<u>322,000</u>

Directors' remuneration reflects one director (2019 – one).

	£	£
<b>Remuneration of the highest paid director:</b>		
Emoluments	420,000	310,000
Company contributions to money purchase scheme	12,000	12,000
	<u>432,000</u>	<u>322,000</u>

Amounts due under performance related long term incentive plans are £180,000 (2019 - £100,000).

	No.	No.
<b>Number of directors who were members of the money purchase pension scheme</b>	<u>1</u>	<u>1</u>

There are no key management personnel other than the directors.

# Guildford Portfolios Limited

## Notes to the financial statements For the year ended 31 December 2020

### 9. Tax on loss on ordinary activities

The tax (charge)/credit comprises:

	2020 £	2019 £
<b>Current tax</b>		
United Kingdom corporation tax	-	-
Adjustment in respect of previous year	3,576	-
<b>Total current tax</b>	<b>3,576</b>	
<b>Deferred tax</b>		
Origination and reversal of timing differences	(113,509)	157,258
Effect of changes in tax rates	(26,847)	(16,554)
Adjustments in respect of previous periods	(223)	103,616
<b>Total deferred tax</b>	<b>(140,579)</b>	<b>244,320</b>
<b>Total tax on loss</b>	<b>(137,003)</b>	<b>244,320</b>

In the March 2021 Budget, it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2020 £	2019 £
<b>Loss before taxation</b>	<b>(196,082)</b>	<b>(1,733,053)</b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2019 – 19%)	37,255	329,280
Effects of:		
Expenses not deductible for tax purposes	(150,764)	(172,020)
Adjustments in respect of previous periods	3,353	103,616
Effect of change in tax rate	(26,847)	(16,554)
Deferred tax not recognised on losses	-	-
<b>Total tax (charge)/credit</b>	<b>(137,003)</b>	<b>244,320</b>

# Guildford Portfolios Limited

## Notes to the financial statements

### For the year ended 31 December 2020

#### 9. Tax on loss on ordinary activities (continued)

	2020 £	2019 £
<b>Deferred tax</b>		
Opening deferred tax liability	557,366	801,687
Effect of change in tax rate	-	-
Debit to the profit and loss	140,356	(140,704)
Adjustment in respect of previous periods	233	(103,617)
Tax relating to components of other comprehensive income	38,751	-
<b>Net closing deferred tax liability</b>	<b>736,696</b>	<b>557,367</b>
<b>Analysis of deferred tax balance</b>		
Accelerated capital allowances	797,365	691,353
Short term timing differences - trading	(3,232)	(22,525)
Losses	(425,574)	(440,847)
Revaluations/fair value adjustments	368,137	329,386
<b>Net closing deferred tax liability</b>	<b>736,696</b>	<b>557,367</b>
	2020 £	2019 £
<b>Deferred tax (assets)</b>		
Recoverable within 12 months (see note 14)	(428,806)	(3,179)
Recoverable after 12 months	-	(460,193)
	<b>(428,806)</b>	<b>(463,372)</b>
	2020 £	2019 £
<b>Deferred tax (liabilities)</b>		
Payable within 12 months (see note 18)	633	-
Payable after 12 months	(1,166,135)	(1,020,738)
	<b>(1,165,502)</b>	<b>(1,020,738)</b>

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

# Guildford Portfolios Limited

## Notes to the financial statements For the year ended 31 December 2020

### 10. Intangible fixed assets

The Group	Purchased goodwill £	Goodwill arising on consolidation £	Total £
<b>Cost</b>			
At 1 January 2020 and 31 December 2020	1,030,052	3,459,735	4,489,787
<b>Accumulated amortisation</b>			
At 1 January 2020	977,969	3,459,735	4,437,704
Charge for the year	52,083	-	52,083
At 31 December 2020	1,030,052	3,459,735	4,489,787
<b>Net book value</b>			
At 31 December 2020	-	-	-
At 31 December 2019	52,083	-	52,083

The purchased goodwill value represents the excess of the value of the consideration over and above the fair value of the trade and assets acquired. The amortisation is part of admin expenses in the Consolidated profit and loss account.

### 11. Tangible fixed assets

The Group	Long leasehold property £	Short leasehold property £	Plant, machinery fixtures & fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	7,465,000	7,483,438	4,093,950	41,191	19,083,579
Additions	-	11,771	32,962	8,424	53,157
Disposals	-	-	-	-	-
At 31 December 2020	7,465,000	7,495,209	4,126,912	49,615	19,136,736
<b>Accumulated depreciation</b>					
At 1 January 2020	149,300	3,218,168	3,465,586	11,167	6,844,221
Charge for the year	149,300	587,867	192,187	10,908	940,262
Disposals	-	-	-	-	-
At 31 December 2020	298,600	3,806,035	3,657,773	22,075	7,784,483
<b>Net book value</b>					
At 31 December 2020	7,166,400	3,689,174	469,139	27,540	11,352,253
At 31 December 2019	7,315,700	4,265,270	628,364	30,024	12,239,358



# Guildford Portfolios Limited

## Notes to the financial statements

### For the year ended 31 December 2020

#### 11. Tangible fixed assets (continued)

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 happy 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 December 2018 for £7.47m. 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.

#### 12. Investments held as fixed assets

The Company	2020 £	2019 £
Shares in subsidiaries	<u>11,822,119</u>	<u>11,822,119</u>

The Company owns the entire issued ordinary share capital of Vines Limited, a company incorporated and operating in the United Kingdom. The principal activity of Vines Limited is the sale and servicing of motor vehicles. Vines Limited trade as Vines of Gatwick, Vines of Redhill and Vines of Guildford. The registered address of Vines Limited is Slyfield Green, Woking Road, Guildford, GU1 1RD.

#### 13. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>28,324,514</u>	<u>36,292,373</u>

Included within finished goods is stock of £2,717,533 (2019 - £5,282,977) which is security for the demonstrator funding plan liability as disclosed in note 15. Also included within finished goods is £6,347,623 (2019 - £9,578,735) in respect of stock held on consignment and £13,156,991 (2019 - £15,358,627) in respect of used vehicle stock. £(287,177) (2019 - £2,208,919) of this consignment and used stock is fully paid for by the Company, and the remainder is security for obligations under the wholesale stocking plan as disclosed in note 15.

All vehicles ordered from the manufacturer are done so on a consigned basis at full value, transfer of ownership, and therefore payment by the Company 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 company 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 £2,059,684 (2019 - £2,132,749).

# **Guildford Portfolios Limited**

## **Notes to the financial statements For the year ended 31 December 2020**

### **14. Debtors: amounts falling due within one year**

	<b>The Group 2020 £</b>	<b>The Group 2019 £</b>
Trade debtors	3,364,125	4,439,355
Prepayments and accrued income	1,330,562	2,101,138
Deferred tax asset (see note 9)	428,806	463,372
Other taxation and social security	39,729	-
Other debtors	98,800	-
	<u>5,262,022</u>	<u>7,003,865</u>

### **15. Creditors: amounts falling due within one year**

	<b>The Group 2020 £</b>	<b>The Group 2019 £</b>
Secured mortgage loan (see note 17)	333,333	333,333
Obligations under wholesale and used stocking plan	18,381,136	22,988,089
Obligations under demonstrator plan	4,128,188	5,023,341
Trade creditors	11,278,926	12,398,729
Accruals and deferred income	1,421,712	1,336,118
Other taxation and social security	-	888,976
Other creditors	338,877	319,733
	<u>35,882,172</u>	<u>43,288,319</u>

### **16. Creditors: amounts falling due after more than one year**

	<b>The Group 2020 £</b>	<b>The Group 2019 £</b>
Secured mortgage loan (see note 17)	<u>4,444,483</u>	<u>4,611,151</u>

# Guildford Portfolios Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 17. Borrowings

	The Group 2020 £	The Group 2019 £
Secured mortgage loans	<u>4,777,816</u>	<u>4,944,484</u>
Analysis of loan repayments:		
Secured mortgage loans:		
Within one year	333,333	333,333
Between one and two years	333,333	333,333
Between two and five years	999,999	999,999
After five years	<u>3,111,151</u>	<u>3,277,819</u>
	<u>4,777,816</u>	<u>4,944,484</u>

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

### 18. Provision for liabilities

The Group	Balance at 1 January 2020 £	Debit to profit and loss account £	Balance at 31 December 2020 £
Deferred taxation liability	<u>1,020,737</u>	<u>144,764</u>	<u>1,165,501</u>

#### The Company

The parent company has deferred tax liabilities of £nil (2019 - £nil).

### 19. Called up share capital

	2020 £	2019 £
Called up, allotted and fully paid:		
6,794,214 (2019 – 6,794,214) Ordinary shares of £1 each	<u>6,794,214</u>	<u>6,794,214</u>

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

# Guildford Portfolios Limited

## Notes to the financial statements

### For the year ended 31 December 2020

#### 20. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 Land and buildings £	2020 Other £	2019 Land and buildings £	2019 Other £
<b>Group:</b>				
Within one year	1,261,931	24,378	1,284,264	26,010
Between two to five years	3,492,619	12,424	4,803,123	24,848
After five years	6,960,000	-	8,128,849	-
	<u>11,714,550</u>	<u>36,802</u>	<u>14,216,236</u>	<u>50,858</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 reviewed every 10 years to bring in line with market rent values.

#### 21. Reconciliation of operating loss/profit to net cash generated by operations

	Note	2020 £	2019 £
Operating profit/(loss)		550,014	(911,341)
Share-based payment expense		91,040	56,900
Depreciation	11	940,262	943,183
Amortisation	10	52,083	51,464
Profit on the sale of tangible fixed assets		-	(697)
Operating cash flow before movement in working capital		<u>1,633,399</u>	<u>139,509</u>
Decrease/(Increase) in stock	13	7,967,859	(5,557,819)
Decrease in debtors	14	1,707,277	3,720,362
Decrease in creditors	15	<u>(9,374,383)</u>	<u>(77,688)</u>
Cash generated by operations		300,753	(1,915,145)
Interest paid		<u>(551,310)</u>	<u>(732,498)</u>
Net cash flow from/(used in) operating activities		<u>1,382,842</u>	<u>(2,508,134)</u>

#### 22. Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	Other Changes £	At 31 December 2020 £
Cash and cash equivalents	2,668,872	2,849,003	-	5,517,875
Debt due within one year	(333,333)	166,668	(166,668)	(333,333)
Debt due after one year	<u>(4,611,151)</u>	<u>-</u>	<u>166,668</u>	<u>(4,444,483)</u>
	<u>(2,275,612)</u>	<u>3,015,671</u>	<u>-</u>	<u>740,059</u>

# Guildford Portfolios Limited

## Notes to the financial statements For the year ended 31 December 2020

### 23. 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.

### 24. 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 (2019 - £350,000) 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 (2019 - £500,000) was paid to them under the terms of the continuing lease.

During 2019, at times of high trading volume, Redhill Redux LLC provided surge funds to Vines Ltd. The value never exceeded £1 million. Interest on the surge funds of £3,178 was paid during 2020.

The A.L.Shelly Marital Trust #2 is the sole shareholder of Guildford Portfolios Limited and is also the majority shareholder of Shelton Holdings LLC who is the sole shareholder of Redhill Redux.

### 25. Subsequent events

The UK entered a 3rd Covid 19 related lockdown from 4 January to 12 April 2021. During this period Vines was allowed to do service maintenance work on vehicles but had to stop with immediate effect to sell vehicles on a face to face basis with no test drives allowed. Vines had to operate vehicle sales on a "click and collect" and "home delivery" service for vehicle sales. Investments made during 2020 to the functionality of our website and digital sales training, allowed Vines to still achieve 73% of our budgeted quarter 1 profit. Since lockdown trading restrictions have been lifted, Vines has caught up with the shortfall to budget.

COVID-19 is a non-adjusting post balance sheet event. No other material events have occurred since the statement of financial position date which would have affected the financial statements of the company.