

Company Registration No. 03503183 (England and Wales)

WILSON & CO. (MOTOR SALES) LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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WILSON & CO. (MOTOR SALES) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | R Wilson M McVeigh T Wilson D Bradford (Appointed 25 March 2021) |
| Secretary | M McVeigh |
| Company number | 03503183 |
| Registered office | Hewitts Avenue Hewitts Circus Humberston Grimsby Lincolnshire DN36 4SE |
| Auditor | UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT |
| Bankers | Natwest Bank 1st Floor Hardman Boulevard Manchester M3 3AQ |
| Solicitors | Bridge McFarland Solicitors 19 South St Marys Gate Grimsby DN31 1JE |

WILSON & CO. (MOTOR SALES) LIMITED

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WILSON & CO. (MOTOR SALES) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Fair review of the business

The results for the year which are set out in the profit and loss account show turnover of £54,508,135 (2019 - £60,926,168) and an operating profit of £1,113,431 (2019 - £520,182). At 31st December 2020 the company had net assets of £5,393,533 (2019 - £4,827,764). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

The company's key financial and other performance indicators during the year were as follows:

| | 2020 | 2019 |
|---|------------|----------|
| Gross margin | 12.4% | 12.6% |
| Operating profit | £1,113,431 | £520,182 |
| Non-financial key performance indicators are new and used vehicle units, and retail service hours sold, which were: | | |
| | 2020 | 2019 |
| New units | 1,077 | 1,235 |
| Used units | 2,435 | 2,925 |
| Retail Service Hours | 28,409 | 29,286 |

Future developments

The directors continue to actively seek new opportunities to secure the longevity of the business. The Covid-19 pandemic could have had an impact on the future trading of the company, but with careful management and the excellent dedication of our team, the results have been encouraging since emerging from lockdown, and despite the necessary changes that have been put in place, the directors are optimistic about delivering a strong result in 2021.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Manufacturers supply of new and improved vehicles

The Company is reliant on new vehicle products from Vauxhall. This exposes the company to risks in a number of areas as the company is dependent on its manufacturer/suppliers in respect of availability of new vehicle products, quality of new vehicle products and the pricing of new vehicle products. This is particularly relevant given the growth in electric vehicle (EV) sales and the UK Government's ban on the sale of petrol and diesel vehicles from 2030.

The directors are confident that future new products from its manufacturer/suppliers will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal with the introduction of PSA Group.

Economic downturn

The success of the business is reliant on consumer spending. An economic downturn, resulting in a reduction in consumer spending power, will have a direct impact on the income achieved by the company.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies and cost controls are modified to reflect the new market conditions.

WILSON & CO. (MOTOR SALES) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Development and performance

The strategy remains as previous years to build on the current position established by the company, together with a strong manufacturer brand nationally. This strategy is based largely on well established models including Corsa and Astra, but more recently introduced models such as Crossland, Grandland, new Mokka and EV's are proving popular and the development of new models yet to be launched, including further electric commercial vehicle variants.

Market Conditions

New vehicle sales continue to be the area of greatest volatility; however, the current and future product ranges of the franchise is well represented and should allow the company to meet its market share. The wider economy, whilst improving remains uncertain, the directors believe the company's long standing in the local market, its product range and high level of customer service is well placed to take advantage of the economic growth as it develops.

In December 2020, a Brexit deal was agreed with the EU setting out the basis for future trading with the EU. In the short term, the principal impact on the company relates to disruptions in the supply of new vehicles and parts.

Covid-19

Following the outbreak of the Covid-19 strain of Coronavirus the directors have put in place steps to mitigate and monitor the risks on uncertainty as they evolve. Steps taken include: closely following government guidelines, regularly updating stakeholders, safeguarding employees by various measures such as providing hand sanitizer's, face coverings, social distance markings and displays, restricting visitors' numbers on site and flexible working from home where possible and adapting the business operations to meet the changing requirements. Following the initial impact of the pandemic in quarter 2, business has remained resilient. Following the recent UK vaccination rollout which appears to be working there is still uncertainty surrounding the virus mutations appearing from areas outside UK.

WILSON & CO. (MOTOR SALES) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Promoting the success of the company

Section 172(1) Statement

In 2018 the Companies (Miscellaneous Reporting) Regulations introduced a requirement for companies to publish a statement describing how the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

Section 172(1)(a) to (f) requires each director to act in a way he or she considered would be most likely promote the success of the company for the benefit of its members as a whole, with regard to the following matters:

- a. The likely consequences of any decision in the long term.

The company's Board of Directors together with senior managers bring a wide range of experience which is collectively responsible for promoting the long-term success of the company. The directors actively promote the company purpose along with its employee's core values of being part of "The Co" and "driving excellence".

- b. The interest of the company's employees:

The management constantly encourage engagement from its employees via its intranet and social platforms. During the Covid-19 lockdown period, the directors were in constant communication with all employees virtually to keep them updated on the business. Our employees actively pursue opportunities for personal development and career progression with the support from management; a culture of inclusion and diversity; rewarding success and the ability to make a difference. The directors introduced additional holidays to recognize and reward loyalty of service during the year. Regular "Communicate" newsletters and updates are used to ensure that everyone has an understanding of what is happening in the business and what is expected at all times. We undertake various activities and operate many forums and surveys to foster participation in group events, invite opinions, questions, and ideas.

- c. The need to foster the company's business relationships with suppliers, customers and others.

The directors ensure that all business relationships are based upon trust and conducted in a professional manner. Suppliers are paid regularly through a process of statement reconciliation and monthly BACS payments in accordance with terms. The directors have published all statutory documents on the company website, including details of policies regarding Data Protection and Modern Slavery. Driving Excellence is actively promoted throughout the business. Our customers are surveyed throughout all areas of the business, with reports shared weekly with our customer care and management team, so that any concerns can be identified and rectified immediately when they arise. Employees throughout the business are rewarded for providing great customer service, and results show an overall customer satisfaction rate of around 97%.

- d. The impact of the company's operations on the community and the environment.

The company actively seeks to support the communities that are local to the trading operations. During the year examples would be the purchase of kit and sponsorship for local sporting teams, donations to local charitable events, and allowing employee engagement to spend time working for local good causes and events. The company is committed to a green programme converting aged and high energy use equipment such as heating and lighting through 2021.

- e. The desirability of the company maintaining a reputation for high standards of business conduct

The Company actively promotes its core values one of which is being consistent and professional in all that we do. Every member of "The Co" as part of their induction has our values explained and discussed with our management team. Wilson & Co is proud of the continuing outstanding results in the numerous customer surveys that are monitored and then results are reported upon weekly.

- f. The need to act fairly as between members of the company

As a board of directors, our intention is to behave responsibly towards all our stakeholders and treat them fairly and equally, so they too may benefit from the success of our business. All key stakeholders meet on a regular basis to ensure to ensure shareholder views are fairly represented in key decisions.

WILSON & CO. (MOTOR SALES) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board



.....
R Wilson

Director

2 July 2021

WILSON & CO. (MOTOR SALES) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the company continued to be that of a motor dealer; including the sale and servicing of passenger cars and commercial vehicles and associated activities.

Results and dividends

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

Ordinary dividends were paid amounting to £120,000. The directors do not recommend payment of a further dividend.

Directors

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

R Wilson
M McVeigh
T Wilson
D Bradford

(Appointed 25 March 2021)

Financial instruments

Liquidity risk

The company seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through the day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

Interest rate risk

The company finances its operations through a mixture of bank and other external borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk.

The company policy throughout the year has been to achieve its objective of managing interest rate risk through day to day involvement of management in business decisions rather than through setting maximum or minimum levels for the level of fixed interest rate borrowings.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk therefore arises from its trade debtors.

In order to manage credit risk, the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance director on a regular basis in conjunction with debt ageing and collection history.

Business relationships

The directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, this is noted above in the company's statement on Section 172(1).

WILSON & CO. (MOTOR SALES) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Energy and carbon report

Energy consumption

Aggregate of energy consumption in the year

kWh

772,271

Emissions of CO2 equivalent

Metric
tonnes

Metric
tonnes

Scope 1 - direct emissions

- Gas combustion

24.10

- Fuel consumed for owned transport

237.49

261.59

Scope 2 - indirect emissions

- Electricity purchased

145.56

Total gross emissions

407.15

Intensity ratio

Tonnes of CO2e per £million turnover

7.47

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

We have used the financial control approach, whereby the company accounts for 100 percent of the GHG emission (and energy) over which it has control. However, as the organisation is a single entity, there are no other organisations to consider.

Measures taken to improve energy efficiency

We have measured our scope 1 and 2 emissions and included scope 3 emissions related to employee use of their own vehicles, where they claim mileage allowance (grey fleet).

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



R Wilson
Director

Date: 2 July 2021

WILSON & CO. (MOTOR SALES) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

WILSON & CO. (MOTOR SALES) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILSON & CO. (MOTOR SALES) LIMITED

Opinion

We have audited the financial statements of Wilson & Co. (Motor Sales) Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

WILSON & CO. (MOTOR SALES) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WILSON & CO. (MOTOR SALES) LIMITED

Matters on which we are required to report by exception

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

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

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

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance,
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- The matters discussed among the audit engagement team and involving relevant internal specialists, including tax, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

WILSON & CO. (MOTOR SALES) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WILSON & CO. (MOTOR SALES) LIMITED

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of used vehicle stocks and recognition of supplier incentives. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks the company operates in, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's FCA regulatory requirements.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management and those charged with governance concerning actual and potential litigation claims;
- In addressing the risk of fraud through inappropriate valuation of used vehicle inventory, assessing net realisable value of stock items sold after the year end was above cost or assessing their value with reference to third party data sources if unsold.
- In addressing the risk of fraud through inappropriate recording of supplier incentives, ensuring amounts recorded as due were then subsequently acknowledged as such by the supplier;
- In assessing the risk of fraud through management override of controls, testing the appropriateness of journal entries and assessing whether judgements made in making accounting estimates are indicative of potential bias.

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

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

Use of our report

This report is made solely to the 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.



Paul Daly BEng FCA (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young Manchester LLP

2 July 2021

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

WILSON & CO. (MOTOR SALES) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | 2019 £ |
|---------------------------------------|----------|------------------|------------------|
| Turnover | 3 | 54,508,135 | 60,926,168 |
| Cost of sales | | (47,736,800) | (53,215,951) |
| Gross profit | | 6,771,335 | 7,710,217 |
| Administrative expenses | | (7,681,318) | (8,494,574) |
| Other operating income | | 2,023,414 | 1,304,539 |
| Operating profit | 4 | 1,113,431 | 520,182 |
| Interest payable and similar expenses | 7 | (261,039) | (364,694) |
| Profit before taxation | | 852,392 | 155,488 |
| Tax on profit | 8 | (166,623) | (54,116) |
| Profit for the financial year | | 685,769 | 101,372 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

WILSON & CO. (MOTOR SALES) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|---------------------|------------------|---------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 6,670,692 | | 7,004,433 |
| Current assets | | | | | |
| Stocks | 11 | 9,586,457 | | 10,286,801 | |
| Debtors | 12 | 1,790,773 | | 2,219,750 | |
| Cash at bank and in hand | | 1,102,311 | | 836,140 | |
| | | <u>12,479,541</u> | | <u>13,342,691</u> | |
| Creditors: amounts falling due within one year | 13 | <u>(11,496,354)</u> | | <u>(12,995,415)</u> | |
| Net current assets | | | 983,187 | | 347,276 |
| Total assets less current liabilities | | | <u>7,653,879</u> | | <u>7,351,709</u> |
| Creditors: amounts falling due after more than one year | 14 | | (2,123,630) | | (2,360,255) |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 17 | 136,716 | | 163,690 | |
| | | <u>(136,716)</u> | | <u>(163,690)</u> | |
| Net assets | | | <u>5,393,533</u> | | <u>4,827,764</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | 462,491 | | 462,491 | |
| Revaluation reserve | 20 | 1,238,264 | | 1,238,264 | |
| Capital redemption reserve | 22 | 1,352,009 | | 1,352,009 | |
| Profit and loss reserves | | 2,340,769 | | 1,775,000 | |
| Total equity | | | <u>5,393,533</u> | | <u>4,827,764</u> |

The financial statements were approved by the board of directors and authorised for issue on 2 July 2021 and are signed on its behalf by:



R Wilson
Director

Company Registration No. 03503183

WILSON & CO. (MOTOR SALES) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Share capital £ | Revaluation reserve £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|--------------------------|---------------------------------|-------------------------------|------------|
| Balance at 1 January 2019 | | 462,491 | 1,238,264 | 1,352,009 | 2,423,628 | 5,476,392 |
| Year ended 31 December 2019: | | | | | | |
| Profit and total comprehensive income for the year | | - | - | - | 101,372 | 101,372 |
| Dividends | 9 | - | - | - | (750,000) | (750,000) |
| Balance at 31 December 2019 | | 462,491 | 1,238,264 | 1,352,009 | 1,775,000 | 4,827,764 |
| Year ended 31 December 2020: | | | | | | |
| Profit and total comprehensive income for the year | | - | - | - | 685,769 | 685,769 |
| Dividends | 9 | - | - | - | (120,000) | (120,000) |
| Balance at 31 December 2020 | | 462,491 | 1,238,264 | 1,352,009 | 2,340,769 | 5,393,533 |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Wilson & Co. (Motor Sales) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hewitts Avenue, Hewitts Circus, Humberston, Grimsby, Lincolnshire, DN36 4SE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

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

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

The financial statements of the company are consolidated in the financial statements of RJTK Investments Ltd. These consolidated financial statements are available from its registered office, Hewitts Avenue Hewitts Circus, Humberston, Grimsby, South Humberside, DN36 4SE.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment by, or delivery date to, the customer. Any other manufacturer income in relation to achieving targets is recognised on an accrual basis. Servicing revenue is recognised on the completion of the agreed work.

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------------|---|
| Freehold land and buildings | 2% - 10% straight line, land is not depreciated |
| Plant and equipment | 10% - 33% straight line |
| Fixtures and fittings | 10% - 50% straight line |
| Motor vehicles | 25% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold properties are measured at deemed cost. On transition to FRS102 the entity elected for certain assets to be measured at fair value at the date of transition and for that fair value to be used as the deemed cost of the item going forward.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

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

Under supply agreements with the automotive manufacturers, the company has access to consignment stock during a consignment period. Where the nature of these supply agreements transfers the risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the Balance Sheet together with the equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the Balance Sheet. Both the terms under which the stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

1.7 Cash and cash equivalents

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

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

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

1.13 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.14 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Consignment stock

Under supply agreements with vehicle manufacturers, the company has access to consignment stock during a consignment period. Where the nature of these supply agreements transfers the risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks on the balance sheet, together with the corresponding liability. Consignment stock has been included within the financial statements of £2,643,678 (2019 - £1,802,992).

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock

In determining the net realisable value of stock, management takes into account the most reliable evidence available at the dates the estimates are made. The company's core business is continuously subject to technology changes which may cause stock obsolescence. Moreover, future realisation of the carrying amounts of stock is affected by price changes in different market segments. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the company stock within the next financial reporting period.

Tangible fixed assets

The company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Based on management's assessment as at 31 December 2020, there is no change in estimated useful lives of those assets during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

3 Turnover and other revenue

The whole of turnover is attributable to the company's principal activity of motor retail.

All turnover arose within the United Kingdom.

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Vehicle sales | 44,482,430 | 48,409,183 |
| Parts sales | 5,482,456 | 7,258,222 |
| Rendering of services | 4,543,249 | 5,258,763 |
| | <u>54,508,135</u> | <u>60,926,168</u> |

| | 2020 £ | 2019 £ |
|----------------------------------|----------------|-----------|
| Other significant revenue | | |
| Coronavirus Job Retention Scheme | 803,895 | - |
| Other Coronavirus support | 50,000 | - |
| | <u>853,895</u> | <u>-</u> |

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Turnover analysed by geographical market | | |
| United Kingdom | <u>54,508,135</u> | <u>60,926,168</u> |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating profit

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Government grants | (853,895) | - |
| Fees payable to the company's auditor for the audit of the company's financial statements | 15,000 | 15,000 |
| Depreciation of owned tangible fixed assets | 360,782 | 361,143 |
| Loss on disposal of tangible fixed assets | 13,974 | 407 |
| Operating lease charges | 22,875 | 46,526 |
| | <u> </u> | <u> </u> |

5 Employees

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

| | 2020 | 2019 |
|--------------------------|------------|------------|
| | Number | Number |
| Servicing and parts | 79 | 86 |
| Selling and distribution | 71 | 73 |
| Administration | 77 | 79 |
| Total | <u>227</u> | <u>238</u> |

Their aggregate remuneration comprised:

| | 2020 | 2019 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 5,465,940 | 5,800,155 |
| Social security costs | 461,524 | 514,138 |
| Pension costs | 292,295 | 336,969 |
| | <u>6,219,759</u> | <u>6,651,262</u> |

6 Directors' remuneration

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | 327,032 | 300,104 |
| Company pension contributions to defined contribution schemes | 31,495 | 27,059 |
| | <u>358,527</u> | <u>327,163</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Directors' remuneration

(Continued)

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

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Remuneration for qualifying services | 118,785 | 114,546 |
| Company pension contributions to defined contribution schemes | 11,628 | 10,571 |

The directors consider themselves to be key management within the business.

7 Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Interest on bank overdrafts and loans | 16,040 | 18,226 |
| Mortgage interest | 70,541 | 85,040 |
| Stocking loan interest | 150,480 | 247,020 |
| Interest on finance leases and hire purchase contracts | 23,455 | 14,408 |
| Other interest | 523 | - |
| | <u>261,039</u> | <u>364,694</u> |

8 Taxation

| | 2020 £ | 2019 £ |
|--|-----------------|---------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 193,042 | 41,013 |
| Adjustments in respect of prior periods | 555 | - |
| Total current tax | <u>193,597</u> | <u>41,013</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | <u>(26,974)</u> | <u>13,103</u> |
| Total tax charge | <u>166,623</u> | <u>54,116</u> |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Profit before taxation | 852,392 | 155,488 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 161,954 | 29,543 |
| Adjustments in respect of prior years | 555 | - |
| Permanent capital allowances in excess of depreciation | - | 26,115 |
| Other tax movements | 4,114 | (1,542) |
| Taxation charge for the year | 166,623 | 54,116 |

9 Dividends

| | 2020 £ | 2019 £ |
|------------|-----------|-----------|
| Final paid | 120,000 | 750,000 |

10 Tangible fixed assets

| | Freehold land and buildings £ | Plant and equipment £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|------------------------------------|-------------------------------------|-----------------------------|-------------------------------|------------------------|------------|
| Cost | | | | | |
| At 1 January 2020 | 7,819,015 | 748,865 | 1,714,344 | 194,023 | 10,476,247 |
| Additions | 4,200 | 28,928 | 32,224 | 65,212 | 130,564 |
| Disposals | (19,950) | (21,075) | (61,394) | (108,460) | (210,879) |
| At 31 December 2020 | 7,803,265 | 756,718 | 1,685,174 | 150,775 | 10,395,932 |
| Depreciation and impairment | | | | | |
| At 1 January 2020 | 1,737,186 | 582,378 | 1,056,848 | 95,402 | 3,471,814 |
| Depreciation charged in the year | 136,531 | 45,188 | 140,789 | 38,274 | 360,782 |
| Eliminated in respect of disposals | (6,191) | (5,060) | (22,929) | (73,176) | (107,356) |
| At 31 December 2020 | 1,867,526 | 622,506 | 1,174,708 | 60,500 | 3,725,240 |
| Carrying amount | | | | | |
| At 31 December 2020 | 5,935,739 | 134,212 | 510,466 | 90,275 | 6,670,692 |
| At 31 December 2019 | 6,081,829 | 166,487 | 657,496 | 98,621 | 7,004,433 |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | 2020 £ | 2019 £ |
|---------------------|----------------|----------------|
| Plant and equipment | 198,049 | 233,227 |
| Land and buildings | 82,065 | 100,542 |
| | <u>280,114</u> | <u>333,769</u> |

11 Stocks

| | 2020 £ | 2019 £ |
|---------------|------------------|-------------------|
| Vehicle stock | 8,776,645 | 8,968,174 |
| Parts stock | 809,812 | 1,318,627 |
| | <u>9,586,457</u> | <u>10,286,801</u> |

Stock to the value of £6,942,780 (2019 - £8,483,809) is pledged as security for the company's liabilities by virtue of a debenture over all the assets of the company.

Included within stock are consigned vehicles to the sum of £2,643,678 (2019: £1,802,992). The corresponding liability is included within trade creditors.

12 Debtors

| | 2020 £ | 2019 £ |
|--------------------------------------|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,111,415 | 1,654,237 |
| Amounts owed by group undertakings | 54,237 | - |
| Other debtors | 190,847 | 7,282 |
| Prepayments and accrued income | 434,274 | 558,231 |
| | <u>1,790,773</u> | <u>2,219,750</u> |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Creditors: amounts falling due within one year

| | Notes | 2020 £ | 2019 £ |
|------------------------------------|-------|-------------------|-------------------|
| Bank loans and overdrafts | 15 | 1,490,956 | 1,288,722 |
| Obligations under finance leases | 16 | 55,748 | 57,364 |
| Other borrowings | 15 | 251,615 | 251,615 |
| Trade creditors | | 8,705,246 | 10,467,061 |
| Amounts owed to group undertakings | | 24,305 | 12,449 |
| Corporation tax | | 192,806 | 38 |
| Other taxation and social security | | 121,482 | 432,567 |
| Other creditors | | 7,605 | 36,587 |
| Accruals and deferred income | | 646,591 | 449,012 |
| | | <u>11,496,354</u> | <u>12,995,415</u> |

Obligations under finance leases are secured upon the assets to which they relate.

14 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|----------------------------------|-------|------------------|------------------|
| Obligations under finance leases | 16 | 156,186 | 194,098 |
| Other borrowings | 15 | 1,967,444 | 2,166,157 |
| | | <u>2,123,630</u> | <u>2,360,255</u> |

Obligations under finance leases are secured upon the assets to which they relate.

15 Loans and overdrafts

| | 2020 £ | 2019 £ |
|-------------------------|------------------|------------------|
| Bank loans | - | 31,299 |
| Bank overdrafts | 1,490,956 | 1,257,423 |
| Other loans | 2,219,059 | 2,417,772 |
| | <u>3,710,015</u> | <u>3,706,494</u> |
| Payable within one year | 1,742,571 | 1,540,337 |
| Payable after one year | 1,967,444 | 2,166,157 |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Loans and overdrafts

(Continued)

Bank loans and overdrafts are secured by way of a debenture held over all assets of the company, together with a first legal charge over the company's freehold property.

The bank loan amounting to £Nil (2019 - £31,299) bears interest at a rate of 3.5% above the bank base rate and was fully repaid by November 2020.

Included within other loans is a balance of £2,219,059 (2019 - £2,417,772) which bears interest at a rate of 2.75% above the applicable LIBOR rate and is due to be repaid by December 2022.

16 Finance lease obligations

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Future minimum lease payments due under finance leases: | | |
| Within one year | 55,748 | 57,364 |
| In two to five years | 156,186 | 194,098 |
| | <u>211,934</u> | <u>251,462</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Deferred taxation

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

| | Liabilities 2020 | Liabilities 2019 |
|--------------------------------|---------------------|---------------------|
| | £ | £ |
| Balances: | | |
| Accelerated capital allowances | 150,855 | 177,095 |
| Short term timing differences | (14,139) | (13,405) |
| | <u>136,716</u> | <u>163,690</u> |
| Movements in the year: | | 2020 |
| | | £ |
| Liability at 1 January 2020 | | 163,690 |
| Credit to profit or loss | | (26,974) |
| Liability at 31 December 2020 | | <u>136,716</u> |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Retirement benefit schemes

| | 2020 | 2019 |
|---|---------|---------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 292,295 | 336,969 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £26,383 (2019 - £30,821) were payable to the fund at the reporting date.

19 Share capital

| | 2020 | 2019 | 2020 | 2019 |
|------------------------------|----------------|----------------|----------------|----------------|
| | Number | Number | £ | £ |
| Ordinary share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary shares of £1 each | 457,866 | 457,866 | 457,866 | 457,866 |
| Ordinary A shares of £1 each | 4,625 | 4,625 | 4,625 | 4,625 |
| | <u>462,491</u> | <u>462,491</u> | <u>462,491</u> | <u>462,491</u> |

20 Revaluation reserve

The revaluation reserve represents the cumulative effect of the revaluations of freehold land and buildings up to the date of conversion to FRS102, after which the company has adopted a deemed cost accounting policy.

21 Profit and loss reserve

The profit and loss account includes all realised current and prior year retained profits and losses, net of dividends paid.

22 Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents the nominal value of shares repurchased by the company.

23 Operating lease commitments

Lessee

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

| | 2020 | 2019 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 101,540 | 103,653 |
| Between two and five years | - | 103,749 |
| | <u>101,540</u> | <u>207,402</u> |

WILSON & CO. (MOTOR SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | 2020 £ | 2019 £ |
|--------------------------------------|--------------|--------------|
| Acquisition of tangible fixed assets | <u>5,145</u> | <u>8,750</u> |

25 Related party transactions

The company has taken advantage of the exemption available in FRS102 whereby it has not disclosed transactions with its 100% parent company or fellow subsidiary undertakings.

26 Ultimate controlling party

RJTK Investments Ltd is regarded by the directors as being the company's ultimate parent company.

The controlling party is R Wilson by virtue of his majority shareholding in the parent company RJTK Investments Ltd.