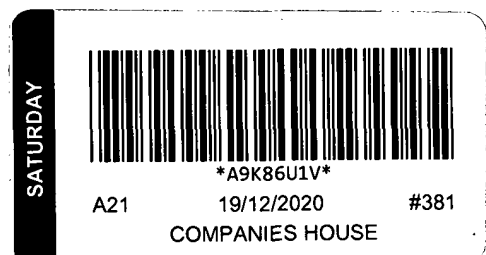


Company Registration No. 03820911 (England and Wales)

RICHMOND CARS (SOUTHAMPTON) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019



RICHMOND CARS (SOUTHAMPTON) LIMITED

COMPANY INFORMATION

Directors	Mr M R Nobes Mr S J Nobes
Secretary	Ms C Brown
Company number	03820911
Registered office	Moore (South) LLP The Quay, 30 Channel Way Ocean Village Southampton Hampshire SO14 3TG
Auditor	Moore (South) LLP The Quay, 30 Channel Way Ocean Village Southampton Hampshire SO14 3TG
Business address	Richmond Hyundai West Quay Road Southampton Hampshire SO15 1GY

RICHMOND CARS (SOUTHAMPTON) LIMITED

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RICHMOND CARS (SOUTHAMPTON) LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present the strategic report for the period ended 31 December 2019.

Fair review of the business

As a result of trading from all of the company sites, the result for the period is considered very satisfactory and in line with expectations. Revenue for the 9 months has comparably increased by 10.0%, gross profit has decreased to 4.86% (2019: 5.03%). Profit before tax £183,336 (2019: £140,895) has increased to 0.58% (2019: 0.37%). The company's reserves have increased by approximately £138,000.

Principal risks and uncertainties

The company is subject to a number of risks, but the company is well placed to realise its full growth and profit potential. In this respect, the directors constantly monitor market conditions and modify stocking and pricing policies to manage and reflect the prevailing economic conditions.

Product cycle risk

As new vehicles move through their natural life cycle, the company's ability to maintain adequate margins can be impaired. In order to minimise the impact of this, the directors have developed a broad base of income sources from its franchised operations, including used vehicle sales, accident repair, service repair and component sales.

Competition risk

The markets in which the company operates are highly competitive and there is a risk that the company's customers will look to alternative sources for the products and services offered by the company. The directors have mitigated this risk by building a strong reputation for customer service, expanding its manufacturer representation, constantly monitoring quality of work and value for money.

The company continues to monitor competitor activity, customers views and their level of satisfaction and invests significantly in staff training and skills development, from full apprenticeships to continual improvement of all managers.

Stock value risk

The company is exposed as are all businesses in this industry to the risk of the value of its stock in trade falling due to general economic or industry specific factors. The directors mitigate this risk through a two-fold policy of ensuring that the company only carries stock of a suitable profile and price range that is appropriately aged and by a strict monthly write-down policy that immediately recognises any fall in value through its profit and loss account.

Interest rate risk

The company is exposed to changes in rates of interest. The directors review the risks of fluctuations in interest rates on a regular basis whilst analysing general economic conditions. Various sources of funding are used to mitigate risks of fluctuations.

Liquidity risk

This is managed by ensuring that stock levels are carefully controlled and adequate financing arrangements are in place to meet the company's on-going needs by fostering strong relationships with its bankers and franchisor.

Development and performance

The directors plan to grow the Southampton franchise to ensure that the company continues to go from strength to strength. The company continues to exhibit a strong balance sheet and the directors consider the period end financial position to be very satisfactory.

RICHMOND CARS (SOUTHAMPTON) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

Key performance indicators

	31/12/2019	31/03/2019	Method of calculation
Return on sales (%)	0.58	0.37	Profit before tax divided by turnover
Gross margin (%)	4.54	5.03	Gross profit divided by turnover
Capital expenditure (£'000)	40	125	Investment in capital items in the year
Average number of staff	82	79	Average number taken from payroll records

Impact of Brexit

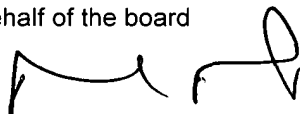
Until a trade deal is finalised the impact of Brexit is not completely clear. However, it is expected that both the Hyundai and MG brands will see little change given they are sourced from outside the European Union. The impact on the supply of other miscellaneous parts and material from the European region, and any tariffs that may apply, is not yet known.

Impact of COVID19

Post period end the business was required to comply with lockdown restrictions which impacted on-going trading activities. It benefited from the government's job retention scheme grants, local authority discretionary grants, and business rates holiday. Consequently, there has been little impact on financial results and only a small number of redundancies took place. The company had no need for government CBILS loans or other financing as cash reserves remained strong throughout both periods of lockdown.

The company quickly adapted processes to allow distance selling and continued to service vehicles in its workshops.

On behalf of the board



Mr M R Nobes

Director

14 December 2020

RICHMOND CARS (SOUTHAMPTON) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the period ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of a franchised retail motor dealership.

Directors

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

Mr M R Nobes

Mr S J Nobes

Results and dividends

The results for the period are set out on page 8.

The directors do not recommend the payment of a dividend.

Market value of land and buildings

The directors are satisfied that the current value of the company's property on the balance sheet is not significantly different to the carrying value.

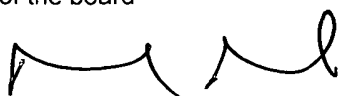
Auditor

In accordance with the company's articles, a resolution proposing that Moore (South) LLP be reappointed as auditor of the company will be put at a General Meeting.

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 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



Mr M R Nobes

Director

14 December 2020

RICHMOND CARS (SOUTHAMPTON) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2019

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.

RICHMOND CARS (SOUTHAMPTON) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF RICHMOND CARS (SOUTHAMPTON) LIMITED

Opinion

We have audited the financial statements of Richmond Cars (Southampton) Limited (the 'company') for the period ended 31 December 2019 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.
-

RICHMOND CARS (SOUTHAMPTON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF RICHMOND CARS (SOUTHAMPTON) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

RICHMOND CARS (SOUTHAMPTON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF RICHMOND CARS (SOUTHAMPTON) LIMITED

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Sue Lucas (Senior Statutory Auditor)
for and on behalf of Moore (South) LLP

18 December 2020

Chartered Accountants
Statutory Auditor

The Quay, 30 Channel Way
Ocean Village
Southampton
Hampshire
SO14 3TG

RICHMOND CARS (SOUTHAMPTON) LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2019

		Period ended 31 December 2019 £	Year ended 31 March 2019 £
	Notes		
Revenue	3	31,706,997	38,447,073
Cost of sales		(30,267,945)	(36,513,424)
Gross profit		1,439,052	1,933,649
Administrative expenses		(1,101,905)	(1,603,362)
Operating profit	4	337,147	330,287
Finance costs	7	(153,811)	(189,392)
Profit before taxation		183,336	140,895
Tax on profit	8	(44,671)	(43,543)
Profit for the financial period		138,665	97,352

The income statement has been prepared on the basis that all operations are continuing operations.

RICHMOND CARS (SOUTHAMPTON) LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Period ended 31 December 2019 £	Year ended 31 March 2019 £
Profit for the period	138,665	97,352
Other comprehensive income	-	-
Total comprehensive income for the period	<u>138,665</u>	<u>97,352</u>

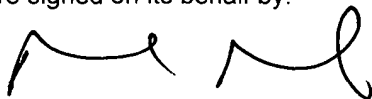
RICHMOND CARS (SOUTHAMPTON) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2019 £
Non-current assets			
Property, plant and equipment	9	3,852,197	3,962,632
Current assets			
Inventories	10	2,614,405	2,943,399
Trade and other receivables	11	7,483,422	7,009,025
Cash and cash equivalents		2,494	1,115
		10,100,321	9,953,539
Current liabilities	12	(8,965,774)	(8,926,520)
Net current assets		1,134,547	1,027,019
Total assets less current liabilities		4,986,744	4,989,651
Non-current liabilities	13	(2,849,557)	(2,994,194)
Provisions for liabilities	15	(46,164)	(43,099)
Net assets		2,091,023	1,952,358
Equity			
Called up share capital	19	100	100
Retained earnings		2,090,923	1,952,258
Total equity		2,091,023	1,952,358

The financial statements were approved by the board of directors and authorised for issue on 14 December 2020 and are signed on its behalf by:



Mr M R Nobes
Director

Company Registration No. 03820911

RICHMOND CARS (SOUTHAMPTON) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2019

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2018	100	1,854,906	1,855,006
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	97,352	97,352
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	100	1,952,258	1,952,358
Period ended 31 December 2019:			
Profit and total comprehensive income for the period	-	138,665	138,665
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	100	2,090,923	2,091,023
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

RICHMOND CARS (SOUTHAMPTON) LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		384,104		(116)
Interest paid			(153,811)		(189,392)
Income taxes paid			(279)		(46,326)
Net cash inflow/(outflow) from operating activities			230,014		(235,834)
Investing activities					
Purchase of property, plant and equipment		(39,935)		(125,319)	
Net cash used in investing activities			(39,935)		(125,319)
Financing activities					
Repayment of borrowings		-		(53,773)	
Repayment of bank loans		(136,550)		(44,873)	
Net cash used in financing activities			(136,550)		(98,646)
Net increase/(decrease) in cash and cash equivalents			53,529		(459,799)
Cash and cash equivalents at beginning of period			(91,404)		368,395
Cash and cash equivalents at end of period			(37,875)		(91,404)
Relating to:					
Cash at bank and in hand			2,494		1,115
Bank overdrafts included in creditors payable within one year			(40,369)		(92,519)

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Richmond Cars (Southampton) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Moore (South) LLP, The Quay, 30 Channel Way, Ocean Village, Southampton, Hampshire, SO14 3TG.

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 certain freehold properties. The principal accounting policies adopted are set out below.

Reporting period

The reporting period for these financial statements have been shortened to a 9 month period from 1 April 2019 to 31 December 2019. The shorter period has been used to bring the company in line with the normal industry reporting period.

The comparatives are for the 12 month period from 1 April 2018 to 31 March 2019 so are not entirely comparable.

1.2 Going concern

At the balance sheet date, the company made a profit for the year of £139k and had net assets at that date of £2,091k. Subsequent to the year end, as a direct result of the Government restrictions on retail trading due to the Coronavirus pandemic during the early part of 2020 the company had limited trading between the 23 March 2020 and the 4 July 2020. However, 90% of staff were furloughed and placed on the government job retention scheme. The company also took the opportunity to review its ongoing overhead costs and some adjustments to both staffing levels and cost structure were made. Actions taken also included agreeing a six month capital and interest repayment holiday with the bank on the existing loans. No further loans were required as the company holds sufficient cash reserves including the overdraft facility already in place.

In addition our manufacturer franchise partners provided support by guaranteeing bonus payments at the top tier and extending free stocking periods to cover the lockdown.

Following the return to full trading the sector saw a surge in business from which the company benefitted recovering a large proportion of sales lost during lockdown. During the second lockdown in November the company continued to trade as normal through its aftersales department and despite the closure of the car showroom over 50% of planned sales still took place through an evolving online presence.

Management continue to investigate new ways to conduct business which combined with the support on offer through discretionary grants and the job retention scheme result in the company trading profitably. We continue to enjoy the full support of the bank and our franchise partners, all of whom are kept fully informed on the ongoing cashflow forecasts and financial performance projections.

As a result, the directors believe that the company will be able to continue in business and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Revenue

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Vehicles sales are recognised at the point at which vehicles are delivered to or collected by customers and the DVLA change of ownership is done.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Property, plant and equipment

Property, plant and equipment 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:

Leasehold land and buildings	2% straight line
Plant and machinery	1-10 years straight line
Fixtures, fittings & equipment	1-5 years 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.

1.5 Impairment of non-current 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). All of the company's tangible assets have an ascertainable market value which is simple to estimate.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position 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 trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 trade and other payables, bank loans and loans from connected companies are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade payables 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 payables are recognised initially at transaction price.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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.

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

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 non-current 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

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.

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

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.

Stock

Consideration has been given by the directors to the level of provision against vehicle stocks. In determining the provision required the directors have used guidance from independent valuation tools and their knowledge of the industry.

3 Revenue

An analysis of the company's revenue is as follows:

	2019 £	2019 £
Revenue analysed by class of business		
Sales	30,118,722	36,482,531
Aftersales	1,588,275	1,964,542
	<u>31,706,997</u>	<u>38,447,073</u>

	2019 £	2019 £
Revenue analysed by geographical market		
UK	<u>31,706,997</u>	<u>38,447,073</u>

4 Operating profit

	2019 £	2019 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	150,370	167,876
Profit on disposal of property, plant and equipment	-	(7,398)
Operating lease charges	<u>55,490</u>	<u>152,906</u>

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019 ;

5 Auditor's remuneration

	2019	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	16,000	15,000
For other services		
Taxation compliance services	2,000	800
All other non-audit services	23,250	15,160
	<u>25,250</u>	<u>15,960</u>

6 Employees

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

	2019	2019
	Number	Number
Selling and distribution	75	72
Administrative	7	7
Total	<u>82</u>	<u>79</u>

Their aggregate remuneration comprised:

	2019	2019
	£	£
Wages and salaries	1,646,063	2,065,451
Social security costs	158,262	185,657
Pension costs	36,988	31,792
	<u>1,841,313</u>	<u>2,282,900</u>

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

7 Finance costs

	2019	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	84,386	110,537
Other interest on financial liabilities	-	2,123
	<hr/>	<hr/>
	84,386	112,660
Other finance costs:		
Other interest	69,425	76,732
	<hr/>	<hr/>
	<u>153,811</u>	<u>189,392</u>

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

8 Taxation

	2019 £	2019 £
Current tax		
UK corporation tax on profits for the current period	41,607	22,141
Adjustments in respect of prior periods	-	(1,702)
Total current tax	<u>41,607</u>	<u>20,439</u>
Deferred tax		
Origination and reversal of timing differences	<u>3,064</u>	<u>23,104</u>
Total tax charge	<u>44,671</u>	<u>43,543</u>

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

	2019 £	2019 £
Profit before taxation	<u>183,336</u>	<u>140,895</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	34,834	26,770
Tax effect of expenses that are not deductible in determining taxable profit	46,313	30,623
Adjustments in respect of prior years	-	(1,702)
Deferred tax movement	(9,132)	23,104
Capital allowances claimed in the year	<u>(27,344)</u>	<u>(35,252)</u>
Taxation charge for the period	<u>44,671</u>	<u>43,543</u>

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

9 Property, plant and equipment

	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 April 2019	3,548,664	717,760	184,089	4,450,513
Additions	3,000	25,273	11,662	39,935
At 31 December 2019	3,551,664	743,033	195,751	4,490,448
Depreciation and impairment				
At 1 April 2019	298,664	114,523	74,694	487,881
Depreciation charged in the period	53,279	55,900	41,191	150,370
At 31 December 2019	351,943	170,423	115,885	638,251
Carrying amount				
At 31 December 2019	3,199,721	572,610	79,866	3,852,197
At 31 March 2019	3,250,000	603,237	109,395	3,962,632

The carrying value of land and buildings comprises:

	2019 £	2019 £
Long leasehold	3,199,721	3,250,000

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2019 £
Cost	3,551,664	3,548,664
Accumulated depreciation	(351,943)	(298,664)
Carrying value	3,199,721	3,250,000

Leasehold land and buildings with a carrying amount of £3,199,721 (2019 - £3,250,000) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

10 Inventories

	2019 £	2019 £
Work in progress	2,752	23,931
Finished goods and goods for resale	2,611,653	2,919,468
	<u>2,614,405</u>	<u>2,943,399</u>

The carrying amount of inventories includes £ 2,470,160 (2019 - £2,792,437) pledged as security for liabilities.

11 Trade and other receivables

	2019 £	2019 £
Amounts falling due within one year:		
Trade receivables	948,394	1,629,147
Other receivables	6,323,763	5,192,176
Prepayments and accrued income	211,265	187,702
	<u>7,483,422</u>	<u>7,009,025</u>

12 Current liabilities

	Notes	2019 £	2019 £
Bank loans and overdrafts	14	227,951	272,014
Trade payables		3,328,155	3,978,531
Corporation tax		63,468	22,141
Other taxation and social security		217,535	197,433
Deferred income	17	200,000	200,000
Other payables		4,763,350	4,096,949
Accruals		165,315	159,452
		<u>8,965,774</u>	<u>8,926,520</u>

Included in trade creditors is the sum of £2,677,125 (2019: £3,622,082) in respect of vehicle stock funding which is secured against the consignment vehicle stock.

13 Non-current liabilities

	Notes	2019 £	2019 £
Bank loans and overdrafts	14	<u>2,849,557</u>	<u>2,994,194</u>

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

13 Non-current liabilities (Continued)

Amounts included above which fall due after five years are as follows:

Payable by instalments	2,029,067	2,276,217
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14 Borrowings

	2019 £	2019 £
Bank loans	3,037,139	3,173,689
Bank overdrafts	40,369	92,519
	<u>3,077,508</u>	<u>3,266,208</u>
Payable within one year	227,951	272,014
Payable after one year	<u>2,849,557</u>	<u>2,994,194</u>

The long-term loans are secured by fixed charges over the company's assets.

The bank loan is repayable by monthly instalments over 15 years from December 2017. Interest is charged at rates linked to base lending rates with a minimum rate of 2.75%.

15 Provisions for liabilities

	Notes	2019 £	2019 £
Deferred tax liabilities	16	<u>46,164</u>	<u>43,099</u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	<u>46,164</u>	<u>43,099</u>

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

16 Deferred taxation (Continued)

	2019 £
Movements in the period:	
Liability at 1 April 2019	43,099
Charge to profit or loss	3,065
Liability at 31 December 2019	<u>46,164</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

17 Deferred income

	2019 £	2019 £
Other deferred income	<u>200,000</u>	<u>200,000</u>

Deferred income represents an advance of commissions due for the period 1 January 2020 to 31 March 2020 by Hyundai. This advance is secured by the joint guarantee from Richmond Cars (Guildford) Limited and Richmond Cars Limited and a director Mr M R Nobes. The advance is interest free and repayable on demand.

18 Retirement benefit schemes

	2019 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>36,988</u>	<u>31,792</u>

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.

19 Share capital

	2019 £	2019 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

20 Financial commitments, guarantees and contingent liabilities

As part of the Richmond Cars group's banking arrangements the company has given a corporate guarantee for the bank borrowings of Richmond Cars Limited and Richmond Cars (Guildford) Limited. At 31 December 2019, the potential liability under this guarantee was £18,325,082 (2019: £7,528,385).

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its long leasehold properties. These leases are negotiated for a period of 101 and 60 years and rentals are fixed at £63,750 per annum. Other rentals are in respect of equipment which range from 2 to 5 years.

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:

	2019	2019
	£	£
Within one year	119,625	99,910
Between two and five years	349,027	334,768
In over five years	3,528,000	3,591,750
	<u>3,996,652</u>	<u>4,026,428</u>

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

22 Related party transactions

During the year the company entered into trading transactions with Richmond Cars Limited and Richmond Cars (Guildford) Limited, companies controlled by the directors. These transactions are conducted in accordance with accepted dealer transfer arrangements. The company made net sales of £12,282,628 (2019: £3,166,893) and net purchases of £8,635,819 (2019: £20,396,078) to and from these companies in the year. As at the year end the company was owed £6,016,899 (2019: £5,192,176) by Richmond Cars (Guildford) Limited and owed £4,455,891(2019: £4,095,184) to the group, Richmond Cars Limited.

Management charges of £133,000 (2019: £219,000) were paid to Richmond Cars Limited for management services.

An unlimited multilateral guarantee has been given to the company's bankers to secure all liabilities of Richmond Cars Limited and Richmond Cars (Guildford) Limited.

In addition, Mr M R Nobes, a director and shareholder, has given a personal guarantee to secure the company's bank facilities and the Hyundai stocking funding plan.

23 Ultimate controlling party

The ultimate controlling party is Mr M R Nobes, a director and sole shareholder.

24 Cash generated from/(absorbed by) operations

	2019	2019
	£	£
Profit for the period after tax	138,665	97,352
Adjustments for:		
Taxation charged	44,671	43,543
Finance costs	153,811	189,392
Gain on disposal of property, plant and equipment	-	(7,398)
Depreciation and impairment of property, plant and equipment	150,370	167,876
Movements in working capital:		
Decrease/(increase) in inventories	328,994	(1,054,182)
Increase in trade and other receivables	(474,397)	(2,814,148)
Increase in trade and other payables	41,990	3,377,449
Cash generated from/(absorbed by) operations	384,104	(116)

RICHMOND CARS (SOUTHAMPTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

25 Analysis of changes in net debt

	1 April 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	1,115	1,379	2,494
Bank overdrafts	(92,519)	52,150	(40,369)
	(91,404)	53,529	(37,875)
Borrowings excluding overdrafts	(3,173,689)	136,550	(3,037,139)
	(3,265,093)	190,079	(3,075,014)