Registered number: 04172342

MURRAY (PLYMOUTH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Bishop Fleming

MURRAY (PLYMOUTH) LIMITED

COMPANY INFORMATION

DIRECTOR	Mr K Murray
COMPANY SECRETARY	Mrs S Royal
REGISTERED NUMBER	04172342
REGISTERED OFFICE	44 Millbay Road Plymouth Devon PL1 3FQ
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

Murray (Plymouth) Limited has pleasure in presenting its accounts for the year ended 31 December 2019.

BUSINESS REVIEW

The Company has been trading now for 18 years established in 2001.

During the year the Company operated in the following Motor retail sectors:

<u>Brand</u> <u>Locations</u>

Volkswagen Passenger Cars Plymouth and Newton Abbot

Skoda Plymouth and Newton Abbot

VWG Trade Parts Specialists Plymouth/Devon

Used Cars Ivybridge

The Managing Director is happy with the reported turnover figure for 2019 of £59.9m. The last 3 years company turnover figures are highlighted below:

31 December 2019 £59.9m

31 December 2018 £60.2m

31 December 2017 £56.6m

2019 has seen a slight reduction in turnover for the business of 0.5%. Overall Vehicle sales fell by 8% in 2019, this was primarily due to a difficult trading year at the Volkswagen retailer in Plymouth specifically on new car sales registrations which reduced by 17% on 2018 sales. After-sales performance continued to grow across the Murray Group with an increase in turnover at all sites of 7% overall.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the Company are:

Maintaining the brand franchises at each of the 4 franchise sites. The Company continues to have extremely strong long-term manufacturer relationships at all 4 of the Murray Group VWG sites. The business has a strong and loyal customer base with in the Volkswagen and Skoda brands. The experience of the Management team ensures the company is able to make decisions promptly and to handle difficult economic trading times..

Brexit negotiations continued throughout 2019 with the announcement of the new Prime Minister Boris Johnson in July 2019. Brexit uncertainty remained and subsequently had some impact on buyer confidence and as such sales margins were squeezed tighter than in 2018 with Gross Profit reducing by 0.2% to 4.6% overall from 4.8% in 2018. This in addition to the shortfall in new car sales at the Plymouth VW retailer made for a much tougher year for the Group.

Following the end of the financial year, the UK left the EU. At the date of this report, it is not clear whether a trade deal will be reached with the EU by the end of the transition period on 31 December 2020. A lack of agreement presents a risk to the business and may lead to additional complexities in importing new stock from VW Group.

COVID-19

On 24th March 2020 the business acted upon Government guidelines and temporarily closed its operations operating with 7 Senior Managers working remotely from home looking after the business and dealing with customer enquiries. Aftersales reopened on Monday 11th May and Sales reopened on Monday 1st June. As a direct result of the pandemic our profitability at the end of May is £300k behind last year to lost revenues.

The Murray Group has taken a significant number of actions since lockdown in March 2020

- Remote working where required for a number of employees

- The introduction of safe working practices and PPE for COVID-19 including social distancing measures, face maskes/shields, gloves, disinfectant hand gel and screens throughout our showrooms.

- Use of Governments CJRS scheme to safeguard jobs and minimise losses.

- Increased frequency of detailed Cash Flow and Profit forecasting to enable the business to make informed decisions regarding re-opening and numbers of staff returning from furlough. All staff due to return, have now returned from furlough at the beginning of September.

- Following a detailed staff cost analysis, the business headcount has reduced by 10 staff in 2020

Since fully re-opening in June 2020 the business has experienced strong demand in all sectors, New & Used vehicle sales and Aftersales. This is in line with the UK Volkswagen Group network and UK Automotive industry market. As a result of this at the end of August 2020 the business is operating at a level above that of the equivalent period in 2019.

FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators are:

Turnover as indicated above.

Profitability

Net profit after tax for the Company in 2019 was £386k (2018: £403k). A summary of the last 3 years Operating Profit is shown below:

31 December 2019: £688k (including £199k of other income arising from the Company's interest in Murray Plymouth TPS LLP).

31 December 2018: £658k

31 December 2017: £907k

Overheads and Direct costs continue to increase across many areas of the business specifically in both Sales & After Sales departments where investment in staffing and new technologies is paramount for the future of the business. There are significant costs associated with preparing the business for Electric and Alternative fuel vehicles for the future.

2019 saw another year of awards for the Murray Group retailer's in the VW Group Network. Murray Newton Abbot VW was awarded 11th place on the Volkswagen Network Balanced Score Card out of over 180 UK retailers. Plymouth Skoda finished 13th out of 125 retailers in the Skoda UK network. Murray TPS Parts Operations finished 15th out of 66 UK centres. This is considered another fantastic result for the business. Murray Newton Abbot is now the only site in the UK to have come in the Top 25 retailers since the Awards began in the network in 2012.

Assets and balance sheet

As at 31 December 2019, the Balance Sheet stands at £581k (2018: £595k).

Stock levels

Stock levels at 31 December 2019 are £9.7m. This compares to a level of £8.3m for the previous year. The Director is aware of the increased stock level which is due to decreased new car sales during 2019 and the brands importing as many new vehicles to the UK as possible prior to the final Brexit deadlines to avoid additional port taxes from Europe.

Stock items are subject to stringent policies of depreciation and provisioning and hence the Group Managing Director feels that all stock items reflect their true value to the business as at the Balance Sheet date.

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

Mr K Murray
Director

Date: 29 October 2020

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The director presents his report and the financial statements for the year ended 31 December 2019.

The principal activity of the Company is trading as a motor dealer in South West of England.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £386,271 (2018: £402,678).

Dividends have been declared in the year amounting to £220,000 (2018: £245,000).

Other distributions have been declared in the year amounting to £180,482 (2018: £311,033).

DIRECTOR

The director who served during the year was:

Mr K Murray

FUTURE DEVELOPMENTS

The director aims to maintain the management policies which have resulted in the Company's substantial growth in recent years. The outbreak of COVID-19 after the end of the year has presented a number of challenges and will have an impact on results in the coming year. Howver, in the longer term, the directors is confident that the Company will achieve further growth in sales from continuing operations.

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's Report is approved has confirmed that:

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

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Mr K Murray
Director

Date: 29 October 2020

44 Millbay Road
Plymouth
Devon
PL1 3FQ

DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MURRAY (PLYMOUTH) LIMITED

OPINION

We have audited the financial statements of Murray (Plymouth) Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our Auditors' 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's 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 Director's Responsibilities Statement on page 5, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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

Fleur Lewis FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

30 October 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	**59,863,943**	60,220,926
Cost of sales		**(57,067,256)**	(57,312,466)
GROSS PROFIT		**2,796,687**	2,908,460
Administrative expenses		**(2,437,265)**	(2,374,687)
Other operating income	5	**328,966**	124,273
OPERATING PROFIT	6	**688,388**	658,046
Interest payable and expenses	9	**(227,723)**	(222,327)
PROFIT BEFORE TAX		**460,665**	435,719
Tax on profit	10	**(74,394)**	(33,041)
PROFIT FOR THE FINANCIAL YEAR		**386,271**	402,678
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**386,271**	402,678

The notes on pages 12 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
FIXED ASSETS					
Tangible assets	12		**1,191,049**		1,326,295
Investments	13		**1**		1
			1,191,050		1,326,296
CURRENT ASSETS					
Stocks	14	**9,720,307**		8,252,986	
Debtors: amounts falling due within one year	15	**2,662,984**		2,694,139	
Cash at bank and in hand	16	**227,174**		134,526	
		12,610,465		11,081,651	
Creditors: amounts falling due within one year	17	**(12,666,671)**		(11,042,845)	
NET CURRENT (LIABILITIES)/ASSETS			**(56,206)**		38,806
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,134,844**		1,365,102
Creditors: amounts falling due after more than one year	18		**(440,593)**		(656,802)
PROVISIONS FOR LIABILITIES					
Deferred tax	20		**(113,037)**		(112,875)
NET ASSETS			**581,214**		595,425
CAPITAL AND RESERVES					
Called up share capital	22		**75,000**		75,000
Profit and loss account	23		**506,214**		520,425
			581,214		595,425

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

Mr K Murray
Director

Date: 29 October 2020

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	75,000	673,780	748,780
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	402,678	402,678
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	402,678	402,678
Dividends	-	(245,000)	(245,000)
Other distributions	-	(311,033)	(311,033)
TOTAL TRANSACTIONS WITH OWNERS	-	(556,033)	(556,033)
At 1 January 2019	75,000	520,425	595,425
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	386,271	386,271
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	386,271	386,271
Dividends	-	(220,000)	(220,000)
Other distributions	-	(180,482)	(180,482)
TOTAL TRANSACTIONS WITH OWNERS	-	(400,482)	(400,482)
AT 31 DECEMBER 2019	75,000	506,214	581,214

The notes on pages 12 to 27 form part of these financial statements.

1. GENERAL INFORMATION

Murray (Plymouth) Limited is a private company, limited by shares, incorporated in England, United Kingdom. The address of its registered office is 44 Millbay Road, Plymouth, Devon, PL1 3FQ.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Murray Holdings (SW) Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The director has considered the outbreak of COVID-19 in early 2020 and what impact it has had on the operations of the business to date.

The Company relies on footfall into its showrooms to generate revenues, therefore, a further period of prolonged lockdown would have a significant impact on its ongoing operations. The Company also relies upon the supply of vehicles from mainland Europe. A shortage of supply as a result of the COVID-19 pandemic would also have a negative impact on the ability of the Company to operate effectively.

The director has reviewed current stockholdings and is confident that the Company will be able to meet the demands of its customer base, despite potential restrictions. Other than for a relatively short period during lockdown. there has been no reduction in supply of vehicles and as such, the director does not anticipate any material change to the current business model as a result of COVID-19.

The director has considered the current levels of working capital, particularly cash and is confident that the Company has sufficient reources to continue to operate for the foreseeable future. In light of this, the director considers it appropriate for the financial statements to be prepared on a going concern basis.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

Rendering of services

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

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

2. ACCOUNTING POLICIES (continued)

2.5 TANGIBLE FIXED ASSETS

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

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

Depreciation is provided on the following basis:

Short-term leasehold property	-	10% straight line
Plant and machinery	-	10% - 40% straight line

2.6 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 OPERATING LEASES: THE COMPANY AS LESSOR

Rentals income from operating leases is credited to profit or loss on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 STOCKS

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.11 DEBTORS

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

2. ACCOUNTING POLICIES (continued)

2.12 CASH AND CASH EQUIVALENTS

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

2.13 CREDITORS

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

2.14 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.15 DIVIDENDS

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

2.16 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. ACCOUNTING POLICIES (continued)

2.18 CURRENT AND DEFERRED TAXATION

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

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

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

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Stock write down provisions:

Included in the financial statements are provisions against used car stock to align the book value to the net realisable value. These provisions are created by used car managers based on their assumptions of the local market with consideration also given to national used car values supplied by VW (UK) Limited.

4. TURNOVER

The whole of the turnover is attributable to the sale and servicing of new and used motor vehicles as a Volkswagen and Skoda retailer.

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2019	2018
	£	£
Other operating income	**129,080**	124,273
Sundry income	**199,886**	-
	328,966	124,273

6. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	**266,867**	256,428
Other operating lease rentals on plant and machinery	**13,226**	16,632
Operating lease rentals on other leases	**543,230**	522,179
Defined contribution pension cost	**101,413**	79,606

7. AUDITORS' REMUNERATION

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**13,900**	13,400

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. EMPLOYEES

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	**3,403,454**	3,308,752
Social security costs	**404,077**	416,058
Cost of defined contribution scheme	**101,413**	79,606
	3,908,944	3,804,416

Senior Employees who have authority and responsibility for planning, directing, and controlling activities of the entity are considered to be key management personnel. Total costs incurred in respect of these individuals is £406,158 (2018: £369,325).

During the year director's remuneration of £15,123 (2018: £19,602) was paid on behalf of the parent company.

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

	2019 No.	2018 No.
Production staff	**130**	124
Administrative staff	**28**	27
	158	151

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest payable	**5,949**	11,291
Other loan interest payable	**221,774**	211,036
	227,723	222,327

10. TAXATION

	2019 £	2018 £
CORPORATION TAX		
Current tax on profits for the year	**65,199**	89,606
Adjustments in respect of previous periods	**9,033**	(58,975)
	74,232	30,631
TOTAL CURRENT TAX	**74,232**	30,631
DEFERRED TAX		
Origination and reversal of timing differences	**162**	2,410
TOTAL DEFERRED TAX	**162**	2,410
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	**74,394**	33,041

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	**460,665**	435,719
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**87,526**	82,787
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,227**	7,311
Capital allowances for year in excess of depreciation	**14,606**	14,678
Adjustments to tax charge in respect of prior periods	**9,033**	(5,420)
Non-taxable income	**(37,978)**	(65,693)
Deferred tax movement	**(20)**	(622)
TOTAL TAX CHARGE FOR THE YEAR	**74,394**	33,041

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

11. DIVIDENDS AND OTHER DISTRIBUTIONS

	2019	2018
	£	£
Dividends paid on equity capital	220,000	245,000
Other distributions	180,482	311,033
	400,482	556,033

12. TANGIBLE FIXED ASSETS

	Short-term leasehold property	Plant and machinery	Total
	£	£	£
COST OR VALUATION			
At 1 January 2019	1,759,706	1,051,995	2,811,701
Additions	-	131,621	131,621
At 31 December 2019	1,759,706	1,183,616	2,943,322
DEPRECIATION			
At 1 January 2019	748,479	736,927	1,485,406
Charge for the year on owned assets	174,371	92,496	266,867
At 31 December 2019	922,850	829,423	1,752,273
NET BOOK VALUE			
At 31 December 2019	836,856	354,193	1,191,049
At 31 December 2018	1,011,227	315,068	1,326,295

12. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	**48,255**	56,715
	48,255	56,715

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2019	**1**
At 31 December 2019	**1**

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Holding
Murray Plymouth TPS LLP	44 Millbay Road, Plymouth, Devon, PL1 3FQ.	Purchase and sale of VW and Skoda parts	99 %

Murray Plymouth TPS LLP owns 100% of the ordinary shares of its subsidiary, Murray Plymouth TPS (Devon) Limited.

On 31/12/2019 Murray Plymouth TPS LLP, sold its trade and assets to Murray Plymouth TPS (Devon) Limited.

14. STOCKS

	2019	2018
	£	£
Raw materials and consumables	**4,544,570**	3,097,386
Finished goods and goods for resale	**5,175,737**	5,155,600
	9,720,307	8,252,986

Included within stock is consignment stock amounting to £4,544,570 (2018: £3,097,386) and stocks financed under other loans amounting to £4,593,952 (2018: £4,549,951).

The director has considered the substance of the consignment and other stocking loan arrangements with the company's suppliers. The director is of the opinion that the stock held under these arrangements are in substance assets of the company as the company has access to the benefits of holding the stock and is also exposed to the risks of ownership as if it were owned outright.

15. DEBTORS

	2019	2018
	£	£
Trade debtors	**356,422**	370,335
Amounts owed by group undertakings	**1,717,771**	1,608,818
Other debtors	**588,791**	714,986
	2,662,984	2,694,139

16. CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash at bank and in hand	**227,174**	134,526
Less: bank overdrafts	**(1,294,457)**	(1,253,174)
	(1,067,283)	(1,118,648)

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank overdrafts	1,294,457	1,253,174
Bank loans	179,286	179,286
Other loans	9,138,522	7,647,337
Trade creditors	499,691	596,931
Amounts owed to group undertakings	596,613	448,644
Corporation tax	75,588	15,961
Other taxation and social security	181,388	141,607
Obligations under finance lease and hire purchase contracts	32,091	51,928
Other creditors	568,553	575,231
Accruals and deferred income	100,482	132,746
	12,666,671	11,042,845

Bank overdrafts of £1,294,457 (2018: £1,253,174) are secured by debenture over all assets of the company.

Hire purchase liabilities are secured against the assets to which they relate.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Bank loans	424,583	603,222
Net obligations under finance leases and hire purchase contracts	16,010	53,580
	440,593	656,802

19. LOANS

Analysis of the maturity of loans is given below:

	2019 £	2018 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	**179,286**	179,286
Other loans	**9,138,522**	7,647,337
	9,317,808	7,826,623
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	**179,286**	179,286
	179,286	179,286
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	**245,297**	380,603
	245,297	380,603
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	**-**	43,333
	-	43,333
	9,742,391	8,429,845

The bank loan balances are made up of three loans as follows:

Loan 1: This secured loan incurs an annual interest rate of 3.67%. It is being repaid in monthly installments, at year end there are 55 installments yet to pay. The amount outstanding aged greater than 1 year is £232,917.

Loan 2: This secured loan incurs an annual interest rate of 5.37%. It is being repaid in monthly installments, at year end there are 43 installments yet to pay. The amount outstanding aged greater than 1 year is £79,167.

Loan 3: This secured loan incurs an annual interest rate of 4.88%. It is being repaid in monthly installments, at year end there are 45 installments yet to pay. The amount outstanding aged greater than 1 year is £112,500.

Bank loans of £603,870 (2018: £782,508) and Other loans of £9,138,522 (2018: £7,647,337) are secured by a general charge over all assets of the company.

20. DEFERRED TAXATION

	2019	2018
	£	£
At beginning of year	**(112,875)**	(110,465)
Charged to profit or loss	**(162)**	(2,410)
AT END OF YEAR	**(113,037)**	(112,875)

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	**(113,037)**	(112,875)
	(113,037)	(112,875)

21. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
FINANCIAL ASSETS		
Cash and cash equivalents	**227,174**	142,016
Financial assets that are debt instruments measured at amortised cost	**2,662,984**	2,648,271
	2,890,158	2,790,287
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	**(12,925,876)**	(11,671,867)

Financial assets measured at amortised cost comprise cash at bank, trade debtors, intercompany debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade payables, accruals, loans and other taxation.

22. SHARE CAPITAL

	2019	2018
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
75,000 (2018: 75,000) Ordinary shares of £1.00 each	**75,000**	75,000

23. RESERVES

Profit and loss account

Includes all current and prior period retained profits and losses.

24. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held

separately from those of the company in an independently administered fund. The pension cost charge

represents contributions payable by the company to the fund and amounted to £101,413 (2018: £79,606).

Contributions totalling £18,826 (2018: £14,894) were payable to the fund at the balance sheet date and are included in creditors.

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	**488,179**	489,807
Later than 1 year and not later than 5 years	**1,231,308**	1,638,790
Later than 5 years	**452,500**	682,500
	2,171,987	2,811,097

26. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of Murray Holdings (SW) Limited, the company has taken

advantage of the exemption in FRS102 in not disclosing intra group transactions where 100% of the voting rights are controlled within the group.

At the year end the company was owed £621,014 (2018: £610,628) from its subsidiary. During the year the company, received income of £199,883 (2018: £Nil) from its investment in its subsidiary. During the year the company made payments totaling £30,436 (2018: £424,071) on behalf of its subsidiary. During the year the company received cash of £Nil (2018: £96,639) from its subsidiary.

During the year a close family member of a director was employed by the company and received remuneration of £10,000.

During the year a distribution of £180,482 (2018: £311,033) was made to a director in respect of in respect of the profits of Murray Plymouth TPS LLP.

27. CONTROLLING PARTY

The company is a wholly owned subsidiary of Murray Holdings (SW) Limited Limited, a company incorporated in England and the ultimate controlling party is Mr K Murray.

The parent undertaking of the largest group to consolidate these financial statements is Murray Holdings (SW) Limited (registered in England & Wales - 06749035), the consolidated accounts of which are available at Companies House, Cardiff.

Under the Companies Act 2006 the company is exempt from producing consolidated accounts as it is included in EEA group accounts of a larger group (s.400).