

Sandal Motors (Bayern) Limited

Reports and Financial Statements

31 December 2021



Sandal Motors (Bayern) Limited

Registered No. 01381018

Directors

D Bosomworth

T J Simons

J Carter

Secretary

T J Simons

Auditors

Ernst & Young LLP

1 Bridgewater Place

Water Lane

Leeds

LS11 5QR

Bankers

Yorkshire Bank plc

4 Victoria Place

Manor Road

Leeds

LS11 5AE

Registered Office

Dewsbury Road

Wakefield

WF2 9BE

Strategic Report

The Directors present their strategic report for the year ended 31 December 2021.

Review of the business

The principal activity of the Company during the year was within the motor industry, operating authorised BMW and MINI centres, including the sale of new and used vehicles, parts and undertaking servicing and bodyshop crash repairs.

Performance, strategy and key performance indicators

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

	2021	2020	Change
	£	£	%
Turnover	77,603,009	77,197,890	0.50
Gross Profit	4,756,433	2,604,916	82.60

The Directors consider the 2021 result to be very good given the wider economic uncertainty and following the outbreak of the Worldwide Coronavirus pandemic that hit the UK in early 2020 with the Government imposing strict lockdown periods with measures necessary to contain the pandemic. Whilst the impact on the business from Coronavirus was less significant in 2021, business interruption was still experienced both as a direct result of the lockdown in Quarter 1 2021 and indirectly through staff absences caused by Coronavirus. However, during the lockdown period at the beginning of the year the business was able to continue trading online and continued the development of digital sales channels following the launch of a new website in 2020.

New vehicle deliveries were a challenge throughout 2021 due to global supply issues; in particular the worldwide shortage of semiconductors has restricted and/or disrupted the manufacture of new vehicles, limiting the number of both new and nearly new vehicles for sale. The 0.50% increase in turnover belies these issues, with growth in new local business vehicles sales, used vehicle sales and sales of parts, servicing and bodyshop repairs outweighing a reduction in BMW direct sales of 29%.

Despite the significant and varying challenges that arose in 2021 the business performed very strongly with growth in servicing, body shop repairs and parts sales and a significant increase in both new vehicle margins and in, already strong, used vehicle margins. These improvements in retained vehicle margins and growth in the aftersales business led to a significant increase in gross profit of £2.15M, some 82.6%, with increases across all aspects of the business contributing to this increase.

The performance is reflective of a highly motivated and committed team, the resilience of the business, focus of delivering an outstanding customer experience and investments in excellent facilities and good business practises.

Strong control and management of the working capital of the business enabled the sound cash position to continue, with positive cash reserves and low gearing. Average employee numbers fell by 8% compared with 2020.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company's trading activity surround the general demand within the new car market and the impact of any political changes thereon, product availability and model changes and the impact of the economic environment. The Directors seek to manage the uncertainties and cyclical changes to the business through robust processes and a proactive management culture, focusing on all aspects of the business to mitigate these risks wherever possible.

Strategic Report (continued)

Financial Risks

The key financial risks relate to the ongoing availability of the funding facilities available to the Company, the principal ones of which are the manufacturer funding facilities utilised to fund the purchase of new and used vehicles and the bank overdraft facility. The manufacturer funding facilities for such purposes are prevalent and commonplace throughout the retail motor industry and these are expected to continue in the foreseeable future. The Company continues to operate well within the facilities available and the Directors are not aware of any reason to suggest any of these will be withdrawn.

Business interruption and IT systems

The business is reliant on access to our computer systems and information technology which could be adversely affected by power loss, vandalism, and telecommunication failure or similar. To mitigate such risks the company has in place contingency and energy plans, which include offsite back up of the data and business interruption insurance. During 2021 significant investment was made to enhance the IT facilities, with new computer hardware and for the storage, back up and security of data.

Regulatory Compliance Risk

The Company is required to meet various regulatory standards and compliance, including those set out by VOSA (Vehicle Operations and Services Agency), GDPR (General Data Protection Regulations) the FCA (Financial Conduct Authority), Trading and Health and Safety Executive. Failure to meet these standards could result in fines or sales of certain products being suspended for a short time.

Section 172 (1) Statement

The Directors consider they have acted in good faith to promote the success of the company, have overall responsibility for delivering the company's strategy, and have adhered to the requirements of section 172 (1) (a) to (f) of the Companies Act 2006.

Stakeholder relationships

In addition to the shareholders who are all directors, the stakeholders of the business include the principal supplier BMW, employees, customers and the finance facility providers and these are at the forefront of the directors' minds when making decisions to promote the company.

The company operates franchised BMW and MINI motor retail centres. These franchises are vital to source new stock, perform warranty repairs and display the manufacturer trademarks and logos. They also provide programmes to promote vehicle sales and ensure employees are trained to the latest standards and with the latest products. The directors consider that excellent working relations with our franchise partners is of crucial importance and this is maintained by regular and constructive interactions at both director and senior management levels and by ensuring that the company communicates and aligns their goals within the business to deliver optimal and mutually acceptable performance.

The underlying principle for high business standards and conduct translates to a fair and transparent approach to all interactions with employees, customers and suppliers. This is reflected in the length of service of employees, the management teams and the longevity of relationships with customers and suppliers

Long-term Strategy

The Company's long-term strategy is to provide the BMW and MINI brands with first class product presentation and to provide a one stop shop operation for all retail motoring requirements within a customer focussed, privately owned and professionally run organisation.

Strategic Report (continued)

Through the provision of excellent customer service and the continual reinvestment of profit and cash generated within the business into facilities and the development of excellent business practices, the directors aim to deliver long term stability and to increase revenues and profits.

The company puts the customer at the centre of its activities and embedded within our strategy and marketing is "privately owned and putting the customer first". This philosophy has continued throughout the operation of the business and translates to treating customers fairly, with integrity and within a relaxed, professional environment and without high pressure sales techniques. The company seeks to engage with customers in a consistent manner with all interaction whether face to face, by telephone or increasingly across all digital formats. Employees are encouraged to develop long term customer relationships, provide suitable advice having due regards to customers circumstances and requirements. And to build loyalty to both the company and the brands it represents. Evidence of high customer satisfaction is monitored by regular reviews of manufacturer customer surveys

The directors regard a reputation for high business standards and conduct is essential and takes due consideration for the financial performance, funding, health and safety, human resource and efficiency of all operations to ensure appropriate decisions are taken assessing the implications for the business and all its stakeholders.

Employees and Equal Opportunities

The directors understand that recruiting, training, motivating and retaining the best team members is essential to maintain excellent customer service and the company invests significantly in providing appropriate training and offering good working environments and remuneration

The company deploys an equal opportunities policy and is committed to the principles within the policy in respect of all stakeholders. Relevant and current legislation and procedures are followed in relation to all aspects of the relationship with employees.

Community and the Environment

The directors' always have regard for the impact its operations have in relation to health, safety, the environment and community and utilise external advisers to uphold high standards. The company does whatever it can within its resources to promote better community relations and engagement and foster good environmental credentials.

The BMW and MINI brands we represent are at the forefront of development of both hybrid and fully electric vehicles and new engine technology to enhance efficiency and reduce emissions. The business continues to promote and see growth in these areas and invests in technology and training to maintain these vehicles

Decision Making and Principal Decisions

The directors understand the importance of considering all stakeholders when making decisions and acknowledges that in discharging their duty to promote the success of the company they do so to benefit the stakeholders as a whole.

On behalf of the board



T J Simons
Director

30 June 2022

Directors' report

The directors present their report for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

D Bosomworth
T J Simons
J Carter

Results and dividends

The profit for the year before taxation amounted to £1,765,763 (2020 - £612,334). Ordinary dividends were paid amounting to £220,000 (2020 £nil).

Future Developments

The Directors aim to maintain and enhance the management policies that have resulted in significant growth and improvements in recent years, and which have enabled the business to remain robust despite the variable economic trading conditions.

COVID-19

Whilst the Coronavirus pandemic remains a threat, the development and deployment of vaccines to help prevent against COVID 19 was successfully rolled out in 2021 and should help prevent further extensive lockdowns in the future. The company is also proactive with COVID-19 prevention measures throughout our business

The Directors are confident that the balance sheet strength of the company and the policies and actions deployed will ensure the business operates on a sound financial and operational footing. With the actions and measures taken to improve operational efficiency, management policies, marketing initiatives and a continuing control of costs, the Directors anticipate and are optimistic about sustained profitable operations in 2022 and beyond.

Energy and carbon reporting

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires the company to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from Streamlined Energy and Carbon Reporting ("SECR") regulated sources. Energy and GHG emissions have been independently provided by Core Ltd for the period 1 January 2021 to 31 December 2021.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines.

Directors' report

Energy and carbon reporting (continued)

The table below details all GHG Scope 1 and 2 emission sources from the current reporting period. Energy consumption is expressed in kilowatt-hours ("kWh") and emissions in tonnes of carbon dioxide equivalents ("tCO₂e").

<i>Energy</i>	<i>2021</i>	<i>2020</i>
	<i>kWh</i>	<i>kWh</i>
Gas	605,244	725,168
Electricity	904,241	831,537
Transport	570,054	640,695
Total energy (kWh)	2,079,944	2,197,400
 <i>Emissions</i>	 <i>2021</i>	 <i>2020</i>
	<i>tCO₂e</i>	<i>tCO₂e</i>
Gas	126	151
Electricity	759	698
Transport	138	155
Total SECR emissions (tCO₂e)	1,023	1,004

SECR emissions per intensity metric (<i>tCO₂e / turnover - £000,000's</i>)	13.186	13.005
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The company is committed to reducing its environmental impact and contribution to climate change through increased energy management and raising awareness with employees. The company has continued converting legacy lighting into energy-efficient lighting when it refurbishes its showrooms, workshops and offices. In recent years the company has invested significantly in LED lighting, movement sensors and timers to reduce electricity usage. The company sites are located very close to connecting railway stations/bus routes and employees are encouraged to use public transport or cycle to work.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are presented in the Strategic report on pages 2 to 4.

The Company is part of a Group headed up by the ultimate parent undertaking, Findpath Limited, whereby cash and cashflows are managed centrally across the Group. Consequently, the Company has obtained a letter of financial support from Findpath Limited which confirms that Findpath Limited will provide financial support to the Company to assist in meeting its liabilities to the extent that money is not otherwise available to the Company to meet such liabilities, for a period until 31 December 2023.

The Company shares common Directors with Findpath Limited, who in their assessment of going concern considered the ability of Findpath Limited, to provide financial support.

Directors' report

Going Concern (continued)

The Group's banking facilities consist of a term loan expiring 2033 and an on-demand overdraft facility of £1.25m which is due for renewal in March 2023 which the Directors expect to be renewed for one year to March 2024 based upon the relationship and discussions with the bank. In addition, the Group has vehicle stocking finance through the manufacturers funding facilities for new and used cars, the limits of which are reviewed and agreed annually. The Directors consider there are no reason why such renewals or limits will not be agreed at a level acceptable to the Group based upon its relationship with the funding provider, when the time arises.

The Directors have prepared detailed cash flow forecast for the Group for a period to 31 December 2023 that are based on their current expectations, concluding it can meet cash flow and working capital needs for the forecast period. These forecasts reflect and consider the

- Current trading activities and demand
- Working Capital Requirements, including seasonal increases in working capital requirements to reflect the peak registration months and fluctuations in stock levels
- Planned extent of capital expenditure and future investment
- The availability of stock financing, overdraft and committed facilities
- Covenant compliance under the term loan agreement
- Amounts of discretionary, variable spend or staff recruitment in forecast periods that could be reduced or eliminated to increase cash flow if needed

As part of the assessment, the Directors have modelled a reasonable worse-case scenario of performance and related cash requirements. In that scenario, the forecasts illustrate that an annual profit can still be achieved and financial covenant compliance maintained, as well as operating within the current banking facilities without utilising the bank overdraft facility. In addition the Group has available to it mitigating actions which provide additional headroom should the need arise. Furthermore, the Directors have performed a reverse stress to model the level of performance which would trigger either a breach in covenant compliance or utilisation of the on-demand bank overdraft.

The Group has a strong positive cash position and several funding lines available, which are currently under-utilised and can be drawn down as required, coupled with the very low gearing. The main properties are all fully paid for, and the directors believe that the company is well placed to manage its business risks successfully.

Based upon the forecasts and factors above, the Directors are satisfied that Findpath Limited is able to provide support to the Company for the period to 31 December 2023.

Accordingly, the Directors have concluded that the Company has adequate resources to continue to meet its liabilities as they fall due for the period to 31 December 2023. Therefore, the Directors are satisfied they have a reasonable basis upon which to conclude that it remains appropriate to prepare the financial statements on a going concern basis.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provisions remain in force as at the date of approving the director's report.

Directors' report

Disabled Employees

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training, career development and promotion is available where appropriate.

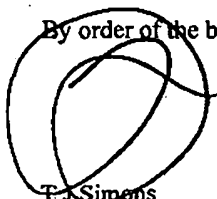
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



T.J. Simons
Director

30 June 2022

Statement of directors' responsibilities

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

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

Independent Auditors' report

to the members of Sandal Motors (Bayern) Limited

Opinion

We have audited the financial statements of Sandal Motors (Bayern) Limited for the year ended 31 December 2021 which comprise Income Statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 17, 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 company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditors' report

to the members of Sandal Motors (Bayern) Limited

Other information (continued)

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 set out on page 9, 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.

Independent Auditors' report

to the members of Sandal Motors (Bayern) Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

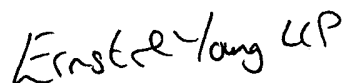
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax laws and regulations in the UK.
- We understood how Sandal Motors (Bayern) Limited is complying with those frameworks by making enquiries of management and those charged with governance, including those responsible for legal and compliance procedures, to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes and papers provided to the Board, and made inquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the company, as well as consideration of the results of our audit procedures across the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was a susceptibility to fraud. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud and error. Specifically, we identified a fraud risk in relation to revenue recognition and performed detailed audit procedures over the revenue accounts paying particular attention to manual journals and year end cut off in order to address the risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. In addition to those set out above, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and UK legislation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Helm (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
30 June 2022

Income statement

for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	2	77,603,009	77,197,890
Cost of sales		<u>(72,846,576)</u>	<u>(74,592,974)</u>
Gross profit		4,756,433	2,604,916
Administrative expenses		(2,914,554)	(2,580,798)
Other operating income	3	<u>194,149</u>	<u>894,127</u>
Operating profit	3	2,036,028	918,245
Interest payable and similar charges	6	<u>(270,265)</u>	<u>(305,911)</u>
Profit on ordinary activities before taxation		1,765,763	612,334
Taxation	7	<u>(308,377)</u>	<u>(135,650)</u>
Profit for the financial year		<u>1,457,386</u>	<u>476,684</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2021

	2021 £	2020 £
Profit for the financial year	1,457,386	476,684
Deferred tax associated with revaluation reserve	<u>(17,781)</u>	<u>(3,671)</u>
Total comprehensive income for the year	<u>1,439,605</u>	<u>473,013</u>

Statement of financial position

at 31 December 2021

Registration No.: 01381018

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	8,879,132	9,059,128
Current assets			
Stock	9	9,355,143	9,950,377
Debtors	10	1,697,739	1,233,307
Cash at bank and in hand		1,832,744	2,857,080
		12,885,626	14,040,764
Creditors: amounts falling due within one year	11	(11,427,938)	(13,589,043)
Net current assets/(liabilities)		1,457,688	451,721
Total assets less current liabilities		10,336,820	9,510,849
Creditors: amounts falling due after more than one year	12	(3,073,006)	(3,454,711)
Provisions for liabilities			
Deferred taxation	7(c)	(163,162)	(175,091)
Net assets		7,100,652	5,881,047
Capital and reserves			
Called up share capital	14	50,000	50,000
Revaluation reserve		1,116,960	1,142,992
Profit and loss account		5,933,692	4,688,055
Shareholders' funds		7,100,652	5,881,047

Approved by the Board of Directors on 30 June 2022 and signed on its behalf by:



T.J. Simons

Director

Statement of changes in equity

at 31 December 2021

	<i>Share capital</i> £	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £	<i>Total shareholders' funds</i> £
At 1 January 2020	50,000	1,169,024	4,189,010	5,408,034
Profit for the year	-	-	476,684	476,684
Other comprehensive expense	-	-	(3,671)	(3,671)
Total comprehensive income for the year	-	-	473,013	473,013
Depreciation transfer for land and buildings	-	(26,032)	26,032	-
At 31 December 2020 and 1 January 2021	50,000	1,142,992	4,688,055	5,881,047
Profit for the year	-	-	1,457,386	1,457,386
Other comprehensive expense	-	-	(17,781)	(17,781)
Total comprehensive income for the year	-	-	1,439,605	1,439,605
Dividends	-	-	(220,000)	(220,000)
Depreciation transfer for land and buildings	-	(26,032)	26,032	-
At 31 December 2021	50,000	1,116,960	5,933,692	7,100,652

Notes to the financial statements

at 31 December 2021

1. Accounting policies

Statement of compliance

Sandal Motors (Bayern) Limited is a private company limited by shares incorporated in England. The registered office is Dewsbury Road, Wakefield, WF2 9BE.

The company's financial statements have been prepared in compliance with FRS 102.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in sterling which is the functional currency of the company.

The company is a qualifying entity as defined by FRS 102 and has taken advantage of the following exemptions available to qualifying entities which are relevant to its financial statements:

- The requirement to present a statement of cash flows and related notes
- The requirements relating to certain disclosures in respect of related party transactions.
- The requirements relating to certain disclosures in respect of key management personnel

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are presented in the Strategic report on pages 2 to 4.

The Company is part of a Group headed up by the ultimate parent undertaking, Findpath Limited, whereby cash and cashflows are managed centrally across the Group. Consequently, the Company has obtained a letter of financial support from Findpath Limited which confirms that Findpath Limited will provide financial support to the Company to assist in meeting its liabilities to the extent that money is not otherwise available to the Company to meet such liabilities, for a period until 31 December 2023.

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The Group's banking facilities consist of a term loan expiring 2033 and an on-demand overdraft facility of £1.25m which is due for renewal in March 2023 which the Directors expect to be renewed for one year to March 2024 based upon the relationship and discussions with the bank. In addition, the Group has vehicle stocking finance through the manufacturers funding facilities for new and used cars, the limits of which are reviewed and agreed annually. The Directors consider there are no reason why such renewals or limits will not be agreed at a level acceptable to the Group based upon its relationship with the funding provider, when the time arises.

The Directors have prepared detailed cash flow forecast for the Group for a period to 31 December 2023 that are based on their current expectations, concluding it can meet cash flow and working capital needs for the forecast period. These forecasts reflect and consider the

- Current trading activities and demand
- Working Capital Requirements, including seasonal increases in working capital requirements to reflect the peak registration months and fluctuations in stock levels
- Planned extent of capital expenditure and future investment
- The availability of stock financing, overdraft and committed facilities
- Covenant compliance under the term loan agreement
- Amounts of discretionary, variable spend or staff recruitment in forecast periods that could be reduced or eliminated to increase cash flow if needed

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Going concern (continued)

As part of the assessment, the Directors have modelled a reasonable worse-case scenario of performance and related cash requirements. In that scenario, the forecasts illustrate that an annual profit can still be achieved and financial covenant compliance maintained, as well as operating within the current banking facilities without utilising the bank overdraft facility. In addition the Group has available to it mitigating actions which provide additional headroom should the need arise. Furthermore, the Directors have performed a reverse stress to model the level of performance which would trigger either a breach in covenant compliance or utilisation of the on-demand bank overdraft.

The Group has a positive cash position and several funding lines available, which are currently under-utilised and can be drawn down as required, coupled with the very low gearing. The main properties are all fully paid for and the directors believe that the company is well placed to manage its business risks successfully.

Based upon the forecasts and factors above, the Directors are satisfied that Findpath Limited is able to provide support to the Company for the period to 31 December 2023.

Accordingly, the Directors have concluded that the Company has adequate resources to continue to meet its liabilities as they fall due for the period to 31 December 2023. Therefore, the Directors are satisfied they have a reasonable basis upon which to conclude that it remains appropriate to prepare the financial statements on a going concern basis.

Revenue recognition

Turnover from the sale of goods is recognised in the profit and loss account, net of discounts, when the significant risks and rewards of ownership have been transferred to the buyer. In general, this occurs when vehicles or parts have been supplied or when the customer has signed for the goods.

Related party transactions

The company has taken advantage of the exemption provided by paragraph 33.1A of FRS 102, from disclosing transactions entered into between two or more members of a group where all members are wholly owned.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold property	—	over 50 years
Leasehold property	—	over the lease term
Machinery and equipment	—	8½% - 50% on cost
Motor vehicles	—	25% - 33⅓% on cost
Office equipment	—	25% - 50% on cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed assets are periodically revalued to ensure the correct carrying value is maintained in the accounts. A formal revaluation will take place at least every 5 years.

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Vehicles held on consignment from the manufacturer are included in the balance sheet as it is considered that the company enjoys the benefits and carries the risk of ownership. The associated liability is included in trade creditors.

Current taxation

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid, using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Group relief payments

The group takes advantage of provisions within the Taxes Act which enable certain tax benefits available in one group company to be transferred to another group company. Consideration is passed for this benefit based on the cash tax saving of the receiving entity.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group considered that the Coronavirus Job Retention Scheme in the UK in relation to Covid-19 met the definition of government grants in accordance with FRS 102

Judgements and estimates

The entity makes estimates and judgements concerning the future. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Used vehicle stock valuation

Vehicle inventories are stated at the lower of cost and net realisable value (fair value less costs to sell). Fair values are assessed using third party industry valuation data supplemented as appropriate by the market intelligence of the management team.

Financial instrument

The company have chosen to account for their financial instruments in accordance with Sections 11 and 12 of FRS 102.

The company's financial assets and liabilities comprise trade and other receivables, cash and cash equivalents, trade and other payables, other loans and borrowing. The accounting policies for these items are described below.

Basic financial instruments – financial assets

Trade and other receivables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

These basic financial assets, other than short term receivables, are subsequently carried at amortised cost using the effective interest method.

Short term trade and other receivables with no stated interest rate which are receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Basic financial instruments – financial liabilities

Basic financial liabilities including trade and other payables and other loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the income statement. Short term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price.

Notes to the financial statements

at 31 December 2021

2. Turnover

Turnover represents the amounts receivable from the provision of goods and services, including finance commission, stated net of value added tax.

The turnover and pre-tax profit is wholly attributable to the main activity, as described in the Directors' Report, and has been generated in the United Kingdom.

Turnover is analysed as follows:

	2021	2020
	£	£
Sales of vehicles	70,730,385	71,209,017
Aftersales & other	6,872,624	5,988,873
	<u>77,603,009</u>	<u>77,197,890</u>

3. Operating profit

This is stated after charging:

	2021	2020
	£	£
Auditors' remuneration – audit services (company only)	27,500	25,000
– audit services (parent undertaking)	3,750	3,500
– taxation services	24,500	24,000
Depreciation of owned fixed assets	234,450	261,734
Depreciation of assets held under finance leases and hire purchase contracts	<u>9,733</u>	<u>9,733</u>

The Company has benefited from a number of government support packages during 2021 and 2020 in relation to the Covid-19 pandemic. Income received under furlough support schemes (Coronavirus Job Retention Scheme) amounting to £194,149 (2020: £894,127) meets the definition of government grants and has been presented within other operating income. No amounts were outstanding at the 31 December 2021 or 2020.

4. Directors' remuneration

	2021	2020
	£	£
Remuneration	<u>308,307</u>	<u>238,605</u>
Contributions paid to defined contribution pension schemes	<u>19,364</u>	<u>16,875</u>
	No.	No.
Members of defined contribution pension schemes	<u>3</u>	<u>3</u>

Notes to the financial statements

at 31 December 2021

4. Directors' remuneration

The remuneration, excluding pension contributions, of the highest paid director was £105,697 (2020 – £93,887). The amount of contributions paid into a money purchase scheme on behalf of the highest paid director was £10,570 (2020 – £13,200).

The Directors' are paid by and perform services for other companies within the Group alongside their services to this Company. The Directors' costs have been apportioned to the principle companies they serve within the Group.

5. Staff costs

	2021 £	2020 £
Wages and salaries	3,598,225	3,598,343
Social security costs	362,198	332,437
Other pension costs	102,298	104,575
	<u>4,062,721</u>	<u>4,035,355</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Management, office, sales and workshop	<u>124</u>	<u>135</u>

6. Interest payable and similar charges

	2021 £	2020 £
Other loans	110,840	118,205
Finance charges payable under finance leases	159,425	187,706
	<u>270,265</u>	<u>305,911</u>

Notes to the financial statements

at 31 December 2021

7. Taxation

(a) Taxation on profit on ordinary activities

The tax on profit is made up as follows:

	2021	2020
		£
Current tax:		
UK corporation tax on the profit for the year	350,150	20,588
Adjustments in respect of previous periods	(12,063)	-
Total current tax	<u>338,087</u>	<u>20,588</u>
Deferred tax:		
Origination and reversal of timing differences	5,314	117,019
Adjustment in respect of previous years	(51,456)	26
Change in rate of deferred tax	16,432	(1,983)
Total deferred tax	<u>(29,710)</u>	<u>115,062</u>
Tax on profit on ordinary activities	<u>308,377</u>	<u>135,650</u>

(b) Factors affecting the total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19.00%). The differences are explained below:

	2021	2020
		£
Profit on ordinary activities before tax	<u>1,765,763</u>	<u>612,334</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19.00%)	335,495	116,343
Effects of:		
Income not taxable for tax purposes	(2,794)	-
Expenses not deductible for tax purposes	22,763	21,264
Effects of group relief/other reliefs	-	-
Adjustments in respect of previous periods	(63,519)	26
Change in rate of deferred tax	16,432	(1,983)
Total tax expense	<u>308,377</u>	<u>135,650</u>

Notes to the financial statements

at 31 December 2021

7. Tax (continued)

(c) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Fixed asset timing differences	69,092	98,650
Trading losses	(625)	(475)
Revaluations	94,696	76,916
Provision for deferred tax	<u>163,163</u>	<u>175,091</u>

The movement in deferred tax during the year is as follows:

	£
At 1 January 2021	175,091
Profit and loss account movement arising during the year	21,746
Adjustments in respect of previous periods	(51,455)
Deferred tax charge in OCI for the period	<u>17,781</u>
At 31 December 2021	<u>163,163</u>

(d) Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase in the UK's main corporation tax rate to 25% which will be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end.

Notes to the financial statements

at 31 December 2021

8. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Leasehold land and property</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
<i>Cost:</i>					
At 1 January 2021	8,803,169	340,200	3,290,908	169,144	12,603,421
Additions	-	-	64,187	-	64,187
Disposals	-	-	-	-	-
At 31 December 2021	8,803,169	340,200	3,355,095	169,144	12,667,608
<i>Depreciation:</i>					
At 1 January 2021	420,686	40,200	2,966,488	116,919	3,544,293
Charge for the year	111,915	-	122,535	9,733	244,183
Disposals	-	-	-	-	-
At 31 December 2021	532,601	40,200	3,089,023	126,652	3,788,476
<i>Net book value:</i>					
At 31 December 2021	8,270,568	300,000	266,072	42,492	8,879,132
At 1 January 2021	8,382,483	300,000	324,420	52,225	9,059,128

The net book value of machinery and equipment and motor vehicles above includes an amount of £42,492 (2020 – £52,225) in respect of assets held under finance leases.

The freehold land and buildings at the Wakefield site was revalued on 1 January 2017 by the Directors on the basis of professional advice. The carrying value of the revalued freehold land and buildings is £5.56m (2020: £5.64m). Had the assets been carried at cost the carrying value would have been £3.69m (2020: £3.77m).

9. Stock

	2021	2020
	£	£
Vehicles on consignment	1,233,695	2,518,150
Other vehicles	7,844,427	7,141,644
Other stocks	277,021	290,583
	<u>9,355,143</u>	<u>9,950,377</u>

Stocks recognised as an expense in the period were £65,979,067 (2020: £62,578,769)

Notes to the financial statements

at 31 December 2021

10. Debtors

	2021 £	2020 £
Trade debtors	562,410	575,809
Amounts owed by group undertakings	881,639	432,473
Other debtors	3,509	8,724
Prepayments and accrued income	250,181	216,301
	<u>1,697,739</u>	<u>1,233,307</u>

11. Creditors: amounts falling due within one year

	2021 £	2020 £
Other loan	226,800	226,800
Obligations under finance leases (note 13)	5,655,195	4,427,597
Trade creditors	4,066,425	7,121,972
Taxes and social security costs	23,626	1,115,026
Other creditors	445,853	185,595
Accruals and deferred income	633,620	491,465
Corporation tax	376,419	20,588
	<u>11,427,938</u>	<u>13,589,043</u>

Included within trade creditors are amounts totalling £1,233,695 (2020 – £2,518,150) due to BMW Finance (GB) Limited in respect of consignment stock. These are secured by fixed and floating charges on the assets of the company. These loans are principally stocking loans.

12. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Directors' loans	580,034	720,034
Obligations under finance leases (note 13)	17,072	31,977
Other loan	2,475,900	2,702,700
	<u>3,073,006</u>	<u>3,454,711</u>

The Other loan is secured by a debenture creating a fixed and floating charge over freehold property. This balance is analysed as follows:

	2021 £	2020 £
Wholly repayable within one year	226,800	226,800
Wholly repayable between one to five	907,200	907,200
Not wholly repayable within five years	1,568,700	1,795,500
	<u>2,702,700</u>	<u>2,929,500</u>

The term loan was entered into during 2018 at a variable interest rate and is repayable by 2032.

Notes to the financial statements

at 31 December 2021

13. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2021 £	2020 £
Amounts payable:		
Within one year	5,655,195	4,427,597
In one to five years	17,072	31,977
	<u>5,672,267</u>	<u>4,459,574</u>

The total balance of £5,672,267 (2020 – £4,459,574) is secured on specific stock vehicles.

14. Issued share capital

	No.	2021 £	No.	2020 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	50,000	<u>50,000</u>	50,000	<u>50,000</u>

15. Reserves

Revaluation reserve

This reserve records the difference between the purchase price of tangible fixed assets and the valuation undertaken by an industry expert. This reserve is transferred to the profit and loss reserve in line with the excess depreciation charged on the revalued assets

16. Related party transactions

Transactions with directors:

Included within creditors due after more than one year are loans made by the directors, D Bosomworth and T J Simons and by a close family member of a director, D Bosomworth. Interest is charged at the Bank of England base rate plus a commercial interest premium. There are no fixed terms for repayment.

In addition, there is an amount owed from a director, D Bosomworth, of £9,946 (2020 – £6,261). Movements on the loan account are as follows:

	£
Amount owing at 1 January 2021	6,261
Movements during the year	<u>3,685</u>
Amount owing at 31 December 2021	<u>9,946</u>

Other related party balances are analysed as follows:

	2021 £	2020 £
Amounts due from parent	566,484	810,596
Amounts due to fellow group undertakings	<u>315,155</u>	<u>(378,123)</u>
	<u>881,639</u>	<u>432,473</u>

Notes to the financial statements

at 31 December 2021

17. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is Findpath Limited, a company incorporated in England and Wales. Copies of the group financial statements are available from Sandal Motors, Dewsbury Road, Wakefield, WF2 9BE