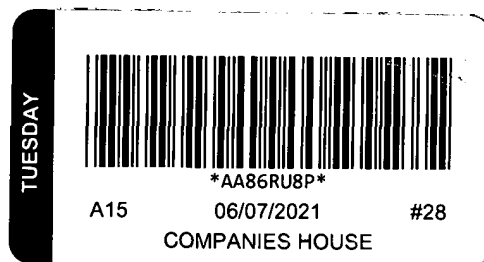


Sandal Motors (Bayern) Limited

Reports and Financial Statements

31 December 2020



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 2020.

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.

2020 performance, strategy and key performance indicators

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

	2020	2019	Change
	£	£	%
Turnover	77,197,890	85,913,546	(10.14)%
Gross Profit	2,604,916	3,301,380	(21.09)%

The Directors consider the 2020 result to be good given the wider economic uncertainty 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 and also resulting from the UK's exit from the EU.

The principal reason for the decrease in turnover and gross profit was as a result of the lockdown periods when trading was severely restricted. In particular from late March to June 2020 and during November 2020 our showrooms were closed to customers. However, whilst the initial lockdown resulted in the business suffering losses the company managed to maintain profitable trading in November and during both periods enhanced the digital sales channels and despite all the difficulties the directors are pleased to report a return to profit in 2020.

During the lockdowns a number of key actions were taken to mitigate the financial position

- Utilisation of the Government Coronavirus Job Retention Scheme
- Deferral of VAT due for the quarter to 31 March 2020, a concession offered by HMRC during the first lockdown
- Rigorous control of costs and tight working capital management
- Utilisation of the Governments Expanded Rates Relief discount for the 2020/21 rates assessments

Reacting quickly to mitigate the worst of the financial impact of these extreme circumstances the business adapted very quickly and ensured the business was on a sound footing and ready to return to successful trading once the lockdowns ceased, although this did lead to a 26 % decrease in Service, Parts and Bodyshop business in 2020.

However, despite the extremely challenging circumstances and a fall in direct vehicle sales of 45%, as many leasing companies sought to extend financial term lengths, the strategies deployed in both 2019 and 2020 have resulted in a very positive results in 2020 with BMW retail and local business sales growing by 22%. In addition, the development of online sales via a new website and the deployment of virtual appointments assisted in maintaining retail used car sales at 95% of the levels achieved in 2019, with margin improvements achieved in both New and Used car sales.

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 were broadly similar compared with 2019.

Strategic Report (continued)

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.

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.

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

Strategic Report (continued)

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.

Through the provision of excellent customer service and the continual reinvestment of profit and cash generated within the business into facilities, 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

29 June 2021

Directors' report

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

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 £612,334 (2019 - loss of £279,226). The directors do not recommend a final dividend (2019 - £Nil).

Future Developments

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

COVID-19

A summary of the impact of Covid-19 on the company for the year ended 31 December 2020 is described in the Strategic Report.

A third national lockdown in Q1 2021 was less restrictive with service operations continuing to operate and vehicle sales on a click and collect basis. The strategies deployed in both 2019 and 2020 have resulted in a very positive results in 2020, notwithstanding the major impact the Coronavirus pandemic has had, with a return to strong profitability and an increase in cash reserves. These positive results have continued in 2021

Whilst the Coronavirus pandemic remains a threat, the development and deployment of vaccines to help prevent against COVID 19 has gained traction in 2021 and its successful rollout 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 2021 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 1st January 2020 to 31st December 2020.

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. As this is the first year of reporting, there is no comparison to previous. Energy consumption is expressed in kilowatt-hours ("kWh") and emissions in tonnes of carbon dioxide equivalents ("tCO₂e").

Energy	2020
	<i>kWh</i>
Gas	725,168
Electricity	831,537
Transport	640,695
Total energy (kWh)	2,197,400
Emissions	2020
	<i>tCO₂e</i>
Gas	151
Electricity	698
Transport	155
Total SECR emissions (tCO₂e)	1,004

SECR emissions per intensity metric (tCO₂e / turnover - £000,000's) 13.005

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 2022.

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 2022 which the Directors expect to be renewed for one year to March 2023 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 2022 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 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 2022.

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 2022. 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.

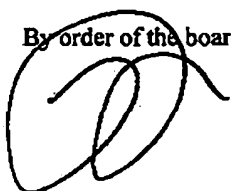
Disclosure of information to the auditors

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

29 June 2021

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 (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 18, 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue to 31 December 2022.

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.

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 there is 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.

Independent Auditors' report

to the members of Sandal Motors (Bayern) Limited

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.

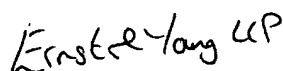
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are 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, 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

29 June 2021

Income statement

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	2	77,197,890	85,913,546
Cost of sales		(74,592,974)	(82,612,166)
Gross profit		2,604,916	3,301,380
Administrative expenses		(2,580,798)	(3,245,847)
Other operating income	3	894,127	-
Operating profit	3	918,245	55,533
Interest payable and similar charges	6	(305,911)	(334,759)
Profit/(Loss) on ordinary activities before taxation		612,334	(279,226)
Taxation	7	(135,650)	30,431
Profit/(Loss) for the financial year		476,684	(248,795)

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2020

	2020 £	2019 £
Profit/(Loss) for the financial year	476,684	(248,795)
Deferred tax associated with revaluation reserve	(3,671)	4,425
Total comprehensive income/(loss) for the year	473,013	(244,370)

Statement of financial position

at 31 December 2020

Registration No.: 01381018

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	8	9,059,128	9,316,056
Current assets			
Stock	9	9,950,377	13,805,573
Debtors	10	1,233,307	2,544,823
Cash at bank and in hand		2,857,080	714,653
		14,040,764	17,065,049
Creditors: amounts falling due within one year	11	(13,589,043)	(17,248,468)
Net current assets/(liabilities)		451,721	(183,419)
Total assets less current liabilities		9,510,849	9,132,637
Creditors: amounts falling due after more than one year	12	(3,454,711)	(3,668,245)
Provisions for liabilities			
Deferred taxation	7©	(175,091)	(56,358)
Net assets		5,881,047	5,408,034
Capital and reserves			
Called up share capital	14	50,000	50,000
Revaluation reserve		1,142,992	1,169,024
Profit and loss account		4,688,055	4,189,010
Shareholders' funds		5,881,047	5,408,034

Approved by the Board of Directors on 29 June 2021 and signed on its behalf by:



T J Simons

Director

Statement of changes in equity

at 31 December 2020

	<i>Share capital</i> £	<i>Revaluation reserve</i>	<i>Profit and loss account</i> £	<i>Total shareholders' funds</i> £
At 1 January 2019	50,000	1,195,056	4,407,348	5,652,404
Loss for the year	-	-	(248,795)	(248,795)
Other comprehensive income	-	-	4,425	4,425
Total comprehensive income for the year	-	-	(244,370)	(244,370)
Depreciation transfer for land and buildings	-	(26,032)	26,032	-
At 31 December 2019 and 1 January 2020	50,000	1,169,024	4,189,010	5,408,034
Profit for the year	-	-	476,684	476,684
Other comprehensive income	-	-	(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	50,000	1,142,992	4,688,055	5,881,047

Notes to the financial statements

at 31 December 2020

9. 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 following disclosure exemptions have been adopted:

- 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 2022.

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.

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 2022 which the Directors expect to be renewed for one year to March 2023 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 2022 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 2020

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 2022.

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 2022. 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% - 33½% 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 2020

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 2020

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 during 2020 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.

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:

	2020	2019
	£	£
Sales of vehicles	71,209,017	77,818,330
Aftersales & other	5,988,873	8,095,216
	<u>77,197,890</u>	<u>85,913,546</u>

Notes to the financial statements

at 31 December 2020

3. Operating profit

This is stated after charging:

	2020	2019
	£	£
Auditors' remuneration – audit services (company only)	25,000	24,000
– audit services (parent undertaking)	3,500	3,000
– taxation services	24,000	23,000
Depreciation of owned fixed assets	261,734	328,524
Depreciation of assets held under finance leases and hire purchase contracts	9,733	11,085

The Company has benefited from a number of government support packages during 2020 in relation to the Covid-19 pandemic. Income received under furlough support schemes (Coronavirus Job Retention Scheme) amounting to £894,127 (2019: £nil) meets the definition of government grants and has been presented within other operating income. No amounts were outstanding at the 31 December 2020.

4. Directors' remuneration

	2020	2019
	£	£
Remuneration	238,605	262,174
Contributions paid to defined contribution pension schemes	16,875	17,314
	No.	No.
Members of defined contribution pension schemes	3	3

The remuneration, excluding pension contributions, of the highest paid director was £93,887 (2019 – £97,358). The amount of contributions paid into a money purchase scheme on behalf of the highest paid director was £13,200 (2019 – £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.

Notes to the financial statements

at 31 December 2020

5. Staff costs

	2020	2019
	£	£
Wages and salaries	3,598,343	3,747,224
Social security costs	332,437	351,794
Other pension costs	104,575	96,244
	<u>4,035,355</u>	<u>4,195,262</u>

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

	No.	No.
Management, office, sales and workshop	<u>135</u>	<u>131</u>

6. Interest payable and similar charges

	2020	2019
	£	£
Other loans	118,205	151,592
Finance charges payable under finance leases	187,706	183,167
	<u>305,911</u>	<u>334,759</u>

7. Taxation

(d) Taxation on profit/(loss) on ordinary activities

The tax on profit/(loss) is made up as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax on the profit/(loss) for the year	20,588	-
Adjustments in respect of previous periods	-	-
Total current tax	<u>20,588</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	117,019	(31,663)
Adjustment in respect of previous years	26	(2,100)
Change in rate of deferred tax	(1,983)	3,332
Total deferred tax	<u>115,062</u>	<u>(30,431)</u>
Tax on profit/(loss) on ordinary activities	<u>135,650</u>	<u>(30,431)</u>

Notes to the financial statements

at 31 December 2020

7. Tax (continued)

(a) Factors affecting the total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%). The differences are explained below:

	2020	2019
		£
Loss on ordinary activities before tax	612,334	(279,226)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%)	116,343	(53,053)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	21,264	21,264
Effects of group relief/other reliefs	-	126
Adjustments in respect of previous periods	26	(2,100)
Change in rate of deferred tax	(1,983)	3,332
Total tax expense	135,650	(30,431)

(c) Deferred tax

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

	2020	2019
	£	£
Fixed asset timing differences	98,650	100,937
Trading losses	(475)	(117,822)
Revaluations	76,916	73,243
Provision for deferred tax	175,091	56,358

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

	£
At 1 January 2020	56,358
Profit and loss account movement arising during the year	115,035
Adjustments in respect of previous periods	26
Deferred tax charge in equity for the period	3,671
At 31 December 2020	175,091

Notes to the financial statements

at 31 December 2020

7. Tax (continued)

(d) Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

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 to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

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 2020	8,803,169	340,200	3,276,369	169,144	12,558,882
Additions	-	-	14,539	-	14,539
Disposals	-	-	-	-	-
At 31 December 2020	8,803,169	340,200	3,290,908	169,144	12,603,421
<i>Depreciation:</i>					
At 1 January 2020	308,771	40,200	2,816,669	107,186	3,272,826
Charge for the year	111,915	-	149,819	9,733	271,467
Disposals	-	-	-	-	-
At 31 December 2020	420,686	40,200	2,966,488	116,919	3,544,293
<i>Net book value:</i>					
At 31 December 2020	8,382,483	300,000	324,420	52,225	9,059,128
At 1 January 2020	8,494,398	300,000	459,700	61,958	9,316,056

The net book value of machinery and equipment and motor vehicles above includes an amount of £52,225 (2019 – £61,958) 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 £5.64m (2019: £5.72m). Had the assets been carried at cost the carrying value would have been £3.77m (2019: £3.85m).

Notes to the financial statements

at 31 December 2020

9. Stock

	2020 £	2019 £
Vehicles on consignment	2,518,150	1,080,168
Other vehicles	7,141,644	12,357,185
Other stocks	290,583	368,220
	<u>9,950,377</u>	<u>13,805,573</u>

Stocks recognised as an expense in the period were £62,578,769 (2019: £ 71,169,514)

10. Debtors

	2020 £	2019 £
Trade debtors	575,809	934,335
Amounts owed by group undertakings	432,473	980,453
Other debtors	8,724	11,226
Prepayments and accrued income	216,301	618,809
	<u>1,233,307</u>	<u>2,544,823</u>

11. Creditors: amounts falling due within one year

	2020 £	2019 £
Other loan	226,800	226,800
Obligations under finance leases (note 13)	4,427,597	10,026,659
Trade creditors	7,121,972	6,232,931
Taxes and social security costs	1,115,026	55,077
Other creditors	185,595	177,930
Accruals and deferred income	491,465	529,071
Corporation tax	20,588	-
	<u>13,589,043</u>	<u>17,248,468</u>

Included within trade creditors are amounts totalling £2,518,150 (2019 – £1,080,168) 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.

Notes to the financial statements

at 31 December 2020

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

	2020	2019
	£	£
Directors' loans	720,034	810,034
Obligations under finance leases (note 13)	31,977	42,111
Other loan	2,702,700	2,816,100
	<u>3,454,711</u>	<u>3,668,245</u>

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

	2020	2019
	£	£
Wholly repayable within one year	226,800	226,800
Wholly repayable between one to five	907,200	1,134,000
Not wholly repayable within five years	1,795,500	1,682,100
	<u>2,929,500</u>	<u>3,042,900</u>

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

13. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2020	2019
	£	£
Amounts payable:		
Within one year	4,427,597	10,026,659
In one to five years	31,977	42,111
	<u>4,459,574</u>	<u>10,068,770</u>

The total balance of £4,459,574 (2019 – £10,068,770) is secured on specific stock vehicles.

14. Issued share capital

	No.	2020	No.	2019
		£		£
<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>

Notes to the financial statements

at 31 December 2020

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 £6,261 (2019 – £2,850). Movements on the loan account are as follows:

	£
Amount owing at 1 January 2020	2,850
Movements during the year	3,411
Amount owing at 31 December 2020	<u>6,261</u>

Other related party balances are analysed as follows:

	2020 £	2019 £
Amounts due from parent	810,596	811,087
Amounts due to fellow group undertakings	<u>(378,123)</u>	<u>169,366</u>
	<u>432,473</u>	<u>980,453</u>

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

18. Events after the reporting period

As previously noted in the directors' report COVID-19 has impacted on all areas of the UK economy and the business experienced significant disruption as a result of the Governments' lockdown measures designed to reduce the spread of the virus. A third national lockdown in Q1 2021 was less restrictive with service operations continuing to operate and vehicle sales on a click and collect basis and despite all the difficulties the directors are pleased to report strengthening profits in 2021.

The directors believe the company has adapted very well to the Coronavirus pandemic and will continue to do so in the future