

SHEPHALL WAY SERVICE STATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



SHEPHALL WAY SERVICE STATION LIMITED

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SHEPHALL WAY SERVICE STATION LIMITED

COMPANY INFORMATION

Director	J Taylor
Company secretary	D Royal
Registered number	01522824
Registered office	Shephall Way Service Station Shephall Way Stevenage Hertfordshire SG2 9RW
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

SHEPHALL WAY SERVICE STATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Director presents his Company's Strategic Report for the period ended 31 December 2019.

Business review

Our Stevenage Kia business showed increase in new and used car volumes of 10% and 18% respectively, workshop labour sales however showed a decline of 3% due to some mid- year staffing disruption. Indirect expenses were up by 24% due mainly to the appointment of a General Manager which will add long term benefits to the business but in the short term this increased cost along with the disruption in the service operation reduced profit before tax to £41,141 compared to the 12 months to December 2018 of £110,783.

The Richmond Hyundai business enjoyed its first full years trading and revenues increased across the business improving profitability before tax to £53,143 compared to the 10 months to December 2018 of £36,520. During December 2019 we purchased the assets of Progress Suzuki Letchworth and on takeover refranchised the business to Hyundai whilst retaining the Suzuki Aftersales Repairer Status. As this business was taken on during December it reported a small loss of £9,813.

The overall net profit before tax for 2019 was £84,471 which represents at 0.38% return on sales. As the Hyundai business matures and we see the full benefits of senior management focus at Stevenage our return on sales will improve toward our business objective of 1.5%.

Future Strategy

We will continue to drive business improvements by focusing on our 4 key objectives:

- Delivering exception staff satisfaction
- Increase loyalty and advocacy for customers through an exceptional customer experience
- Support and Enhancing our manufacture partnership
- Enhance group profitability for investment in our future

All these objectives have KPI's and these are reviewed regularly with the whole team.

SHEPHALL WAY SERVICE STATION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks. The director has set out below the principal risks facing the business.

Manufacturing supply of new and improved products

The Company is reliant on new products from both Kia and Hyundai. This exposes the Company to risks in a number of areas as the Company is dependant on its manufacturing partner in respect of:

- a) availability of new vehicle product
- b) quality of new vehicle product
- c) pricing of new vehicle product

The director is confident that future new products from both Kia and Hyundai will continue to be competitively priced and of high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by other core business areas of the Company, including used vehicle sales, parts sales and service work.

Economic downturn

The director believes the Company is well placed to weather any future economic challenges. In response to this risk, senior management aim to keep abreast of economic conditions and will take appropriate action as required.

The Company uses various financial instruments which include bank, financial institutions and stocking loans, cash and various items, such as consignment stock, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. Their existence exposes the Company to a number of financial risks.

The main risks arising from the financial instruments are interest rate risk, credit risk and liquidity risk. The director reviews and agrees policies for managing each of these risks which are summarised below:

Interest rate risk

The Company finances its operations through a mixture of bank and other external borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from trade debtors. In order to manage credit risk the director sets credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance department on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk

The Company seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company's policy throughout the period has been to achieve this objective through the day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

SHEPHALL WAY SERVICE STATION LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial key performance indicators

The director has monitored the progress of the Company's strategy and the individual strategic elements by reference to gross margin and operating profit which are set out in the attached accounts.

Other key performance indicators

Key non financial indicators are that of new vehicle units and repeat customer figures.

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



J Taylor
Director

Date:

13/3/2020

SHEPHALL WAY SERVICE STATION LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Director

The director who served during the year was:

J Taylor

Director's responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £63,148 (2018 - £1,015,206).

The Company voted dividends during the year totalling £403,586 (2018 - £1,253,625).

Future developments

Future developments have been disclosed in the Strategic Report.

Disclosure of information to auditors

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

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

SHEPHALL WAY SERVICE STATION LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



J Taylor
Director

Date:

13/3/2020

SHEPHALL WAY SERVICE STATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHALL WAY SERVICE STATION LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

SHEPHALL WAY SERVICE STATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHALL WAY SERVICE STATION LIMITED (CONTINUED)

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

SHEPHALL WAY SERVICE STATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHALL WAY SERVICE STATION LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

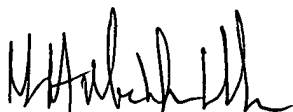
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Steven Moore BA ACA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Moorgate House
201 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1LZ

Date: 18.3.20

SHEPHALL WAY SERVICE STATION LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

		31 December 2019 £	As restated 18 months ended 31 December 2018 £
	Note		
Turnover	4	22,260,300	19,253,343
Cost of sales		(21,741,227)	(18,863,138)
Gross profit		519,073	390,205
Administrative expenses		(1,244,789)	(1,155,604)
Other operating income	5	895,953	713,180
Operating profit/(loss)		170,237	(52,219)
Income from fixed assets investments	8	-	1,131,317
Interest receivable and similar income	9	-	43
Interest payable and expenses	10	(85,766)	(62,203)
Profit before tax		84,471	1,016,938
Tax on profit	11	(21,323)	(1,732)
Profit after tax		63,148	1,015,206
Retained earnings at the beginning of the year		521,705	760,124
Profit for the year		63,148	1,015,206
Dividends declared and paid	12	(403,586)	(1,253,625)
Retained earnings at the end of the year		181,267	521,705

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 12 to 30 form part of these financial statements.

SHEPHALL WAY SERVICE STATION LIMITED
REGISTERED NUMBER: 01522824

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	129,072	79,591
Investments	14	-	226,153
		<u>129,072</u>	<u>305,744</u>
Current assets			
Stocks	15	3,738,754	2,941,423
Debtors: amounts falling due within one year	16	495,031	570,944
Cash at bank and in hand	17	1,463,961	803,420
		<u>5,697,746</u>	<u>4,315,787</u>
Creditors: amounts falling due within one year	18	(5,557,897)	(4,014,318)
Net current assets		<u>139,849</u>	<u>301,469</u>
Total assets less current liabilities		<u>268,921</u>	<u>607,213</u>
Provisions for liabilities			
Deferred tax	19	(14,663)	(12,517)
		<u>(14,663)</u>	<u>(12,517)</u>
Net assets		<u>254,258</u>	<u>594,696</u>
Capital and reserves			
Called up share capital	20	72,991	72,991
Profit and loss account	21	181,267	521,705
		<u>254,258</u>	<u>594,696</u>

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

J Taylor
 Director

Date: 13/3/2020

The notes on pages 12 to 30 form part of these financial statements.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Shephall Way Service Station Limited is a private company limited by shares, incorporated in England and Wales. The address of its registered office is Shephall Way Service Station, Shephall Way, Stevenage, Hertfordshire, SG2 9RW.

The addresses of its principal places of business are:

Shephall Way Service Station, Shephall Way, Stevenage, Hertfordshire, SG2 9RW.

1 North Road, Richmond, London TW9 4HA.

Icknield Way, Letchworth Garden City, Hertfordshire, SG6 1EX.

The Company's principal activity is the sale and repair of motor vehicles and ancillary services.

The financial statements are presented in Pound Sterling, which is also the functional currency of the Company.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

Target related income and other manufacturer support

Vehicle registration bonuses that are specific to a vehicle are offset against the vehicle purchase price and recognised in cost of sales.

Target related bonuses and other similar incomes are recognised in other operating income as performance criteria have to be met in order for the bonus to be earned.

Other bonuses such as but not limited to marketing contributions and salary support are recognised in other operating income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.9 Current and deferred taxation

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.10 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- Over the life of the lease or 3 to 5 years if shorter.
Plant and machinery	- Over the life of the lease or 3 to 5 years if shorter.
Fixtures and fittings	- Over the life of the lease or 3 to 5 years if shorter.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.13 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Amounts owed in respect of stock included in the Balance Sheet is disclosed within trade creditors.

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

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

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

2.14 Debtors

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

2.15 Cash and cash equivalents

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

2.16 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 Dividends

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

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

Items in the financial statements where these judgements and estimates have been made include:

(a) Determining net realisable value of inventories

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

(b) Estimating useful lives of property, plant and equipment.

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available to use. The estimated useful lives of property, plant and equipment and goodwill are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Based on the management's assessment as at 31 December 2019, there is no change in estimated useful lives of those assets during the year.

4. Turnover

An analysis of turnover by class of business is as follows:

	31 December 2019 £	18 months ended 31 December 2018 £
Vehicle sales	20,859,284	17,601,438
Parts and service	1,401,016	1,651,905
	<u>22,260,300</u>	<u>19,253,343</u>

All turnover arose within the United Kingdom.

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Other operating income

	31 December 2019 £	As restated 18 months ended 31 December 2018 £
Manufacturer support	636,557	439,246
Commissions receivable	259,396	273,934

6. Auditors' remuneration

	31 December 2019 £	18 months ended 31 December 2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	9,000	9,200

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

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

Staff costs were as follows:

	31 December 2019 £	18 months ended 31 December 2018 £
Wages and salaries	1,352,118	1,221,936
Social security costs	156,743	139,651
Cost of defined contribution scheme	31,161	14,637
	<u>1,540,022</u>	<u>1,376,224</u>

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

	31 December 2019 No.	18 months ended 31 December 2018 No.
Administrative and management	9	4
Workshop and sales	32	22
	<u>41</u>	<u>26</u>

8. Income from investments

	31 December 2019 £	18 months ended 31 December 2018 £
Dividends received from Safeway Cars Limited	-	1,131,317

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Interest receivable

	31 December 2019 £	18 months ended 31 December 2018 £
Other interest receivable	-	43

10. Interest payable and similar expenses

	31 December 2019 £	18 months ended 31 December 2018 £
Stocking interest payable	85,766	62,203

11. Taxation

	31 December 2019 £	18 months ended 31 December 2018 £
Corporation tax		
Current tax on profits for the year	19,177	-
Total current tax	19,177	-
Deferred tax		
Origination and reversal of timing differences	2,146	1,732
Taxation on profit on ordinary activities	21,323	1,732

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Taxation (continued)**Factors affecting tax charge for the year/period**

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

	31 December 2019 £	18 months ended 31 December 2018 £
Profit on ordinary activities before tax	84,471	1,016,938
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	16,049	193,218
Effects of:		
Expenses not deductible for tax purposes	1,739	675
Capital allowances for year/period in excess of depreciation	(1,762)	10,694
Non-taxable income	-	(214,950)
Changes in provisions leading to an increase (decrease) in the tax charge	3,151	264
Group relief	-	10,099
Short term timing difference leading to an increase (decrease) in taxation	2,146	1,732
Total tax charge for the year/period	21,323	1,732

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2019 £	2018 £
Dividends on ordinary shares	403,586	1,253,625

Included in the dividends above £Nil (2018 - £949,988) was paid to P K Brown the former managing director and majority shareholder.

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2019	26,393	181,852	64,980	273,225
Additions	46,754	58,403	12,000	117,157
At 31 December 2019	73,147	240,255	76,980	390,382
Depreciation				
At 1 January 2019	21,822	111,900	59,912	193,634
Charge for the year on owned assets	6,573	55,911	5,192	67,676
At 31 December 2019	28,395	167,811	65,104	261,310
Net book value				
At 31 December 2019	44,752	72,444	11,876	129,072
At 31 December 2018	4,571	69,952	5,068	79,591

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	226,153
Disposals	(226,153)
At 31 December 2019	-

15. Stocks

	2019 £	2018 £
Parts stock	81,133	50,965
Vehicle stock	3,657,621	2,890,458
	<u>3,738,754</u>	<u>2,941,423</u>

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Debtors

	2019 £	2018 £
Trade debtors	169,386	119,242
Amounts owed by group undertakings	37,578	179,420
Other debtors	154,226	123,695
VAT repayable	-	40,321
Prepayments and accrued income	133,841	108,266
	<u>495,031</u>	<u>570,944</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>1,463,961</u>	<u>803,420</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	4,667,121	3,555,233
Amounts owed to group undertakings	45,857	-
Corporation tax	19,177	-
Other taxation and social security	185,160	37,580
Other creditors	387,702	279,529
Accruals and deferred income	252,880	141,976
	<u>5,557,897</u>	<u>4,014,318</u>

Included in trade creditors are amounts totalling £4,226,168 (2018 - £3,335,742) relating to vehicle stocking loans which are secured on the vehicles to which they relate.

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Deferred taxation

	2019 £	2018 £
At beginning of year	12,517	10,785
Charged to profit or loss	2,146	1,732
At end of year	14,663	12,517

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	17,718	12,753
Pension surplus	(3,055)	(236)
	14,663	12,517

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
72,991 (2018 - 72,991) Ordinary shares of £1.00 each	72,991	72,991

21. Reserves**Profit and loss account**

The profit and loss account reserve includes all current and prior period retained profits and losses.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22. Business combinations

In December 2019 the Company acquired the Letchworth business from Progress Suzuki.

Analysis of the acquisition of the Letchworth business.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value adjustment £	Fair value £
Tangible	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
Stocks	2,980	2,980
Debtors	462	462
	<u>28,442</u>	<u>28,442</u>
Total assets		
Due within one year	(30,409)	(30,409)
	<u>(1,967)</u>	<u>(1,967)</u>
Total identifiable net assets/(liabilities)		

Consideration

Cash	<u>(1,967)</u>
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Cash outflow on acquisition

Purchase consideration settled in cash, as above	<u>(1,967)</u>
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The results of Letchworth business since its acquisition are as follows:

	Current period since acquisition £
Turnover	<u>45,732</u>
(Loss) for the year/period	<u>(9,813)</u>

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23. Prior year adjustment

In the prior period cost of sales was understated by £488,700 and other operating income was understated by £488,700 due to a misclassification of manufacturer support income and finance commission income. A prior year adjustment has been made to restate the items affected. The adjustment has had no effect on profit before tax.

24. Contingent liabilities

A cross guarantee and debenture is in place between Now Investment Holdings Limited, Shephall Way Service Station Limited and Safeway Cars Limited relating to the mortgage held over the property owned by Now Investment Holdings Limited. At the year end £1,093,889 was owed on the mortgage.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £31,161 (2018 - £13,718). There were outstanding contributions at the balance sheet date of £6,080 (2018 - £2,956)

26. Commitments under operating leases

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

	2019 £	2018 £
Not later than 1 year	383,000	261,250
Later than 1 year and not later than 5 years	954,500	412,500
Later than 5 years	609,583	-
	<u>1,947,083</u>	<u>673,750</u>

The company recognised an expense of £275,333 (2018 - £252,000) during the period for lease payments under non-cancellable operating leases.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27. Related party transactions

As a wholly owned subsidiary, the Company has taken advantage of the exemption contained in Financial Reporting Standard 102 to not disclose transactions with wholly owned group entities.

During the period dividends of £nil (2018 - £949,988) were paid to P K Brown the former managing director and majority shareholder.

During the period P K Brown was advanced amounts of £nil (2018 - £nil) and repaid the company £nil (2018 - £2,000). There was £nil net balance due at the end of the year (2018 - £nil).

On 25 March 2018, Shephall Way Service Station Limited purchased the Ken Brown Hyundai Richmond business from Now Motor Retailing Limited for £18,667, Now Motor Retailing Limited is a former subsidiary of Now Investment Holdings Limited.

During the period sales of £nil (2018: £31,989) were made to a fellow wholly owned subsidiary who is excluded from consolidation.

The largest and smallest group of undertakings for which consolidated accounts are prepared and of which the Company is a member is that headed by Now Investment Holdings Limited. These financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

28. Controlling party

The ultimate parent undertaking is Now Investment Holdings Limited which is incorporated in England & Wales. The address of its registered office is Shephall Way Service Station, Shephall Way, Stevenage, Hertfordshire, SG2 9RW.

At 31 December 2019 J Taylor was deemed the ultimate controlling party by virtue of his majority shareholding in Now Investment Holdings Limited.