

Company registered no: 2382874

Essex Auto Group Limited  
Annual report and financial statements  
for the period ended 30 June 2017



# **Essex Auto Group Limited**

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# **Essex Auto Group Limited**

## **Company Information**

### **Officers and professional advisers**

#### **Directors**

P Mountford  
C Brown  
G Watson  
M W Phillips  
P M Wood

#### **Company secretary**

Higgs Secretarial Limited

#### **Company number**

2382874

#### **Registered office**

Essex Auto Group Limited  
Allen Ford  
Tachbrook Park Drive  
Warwick  
CV34 6SY

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Exchange House  
Central Business Exchange  
Midsummer Boulevard  
Central Milton Keynes  
MK9 2DF

# **Essex Auto Group Limited**

## **Strategic report for the period ended 30 June 2017**

The directors present their Strategic report on the company for the period ended 30 June 2017.

### **Principal activity and business review**

Between 1 November and 28 February 2017, the principal activity of the company was the sale, repair and service of new and used motor vehicles and the sale of replacement parts.

In March 2017 the whole of the issued share capital of the company was acquired by SG International Holdings Limited. With effect from 14 March 2017 the trading activities of the company, together with its employees and certain of its assets and liabilities, were transferred to a fellow subsidiary at net book value and the company ceased trading at that date.

The company changed its reporting period to end on 30 June therefore the profit and loss account on page 9 presents the performance of the business for the eight-month period from 1 November 2016 to 30 June 2017 and the comparative figures presented are for the year ended 31 October 2016.

During the eight-month financial period ending 30 June 2017, the company reported a loss before tax of £662,306 (2016 year: £1,770,032 profit).

Shareholders' funds at the end of the period were £12,809,420 (2016: £13,363,476) therefore the directors consider the company's position at the end of the period to be satisfactory.

### **Principal risks and uncertainties**

The principal risks of the company are mainly financial and pertained only during the time when the company was trading. The directors have evaluated all known risks to the business and are confident that they have taken measures to mitigate any potential risk.

### **Key performance indicators**

The directors consider key performance indicators are no longer relevant as the company has ceased to trade.

On behalf of the Board



M W Phillips  
Director  
5 February 2018

# **Essex Auto Group Limited**

## **Directors' report for the period ended 30 June 2017**

The directors present their Annual report together with the audited financial statements for Essex Auto Group Limited ("the company") for the financial period ended 30 June 2017.

During the period the company changed its accounting period from 31 October to 30 June. These financial statements therefore cover the eight-month financial period to 30 June 2017 and the comparative figures presented are for the financial year ended 31 October 2016.

As noted in the Strategic report on page 2, the trading activities of the company were transferred and the company ceased trading. The company was acquired on 14 March 2017.

### **Future developments**

The directors intend the company to continue as a non-trading entity.

### **Going concern**

The company's parent has committed to financially support the company, as necessary, for a period of at least 12 months from the approval date of these financial statements.

The directors, after making such enquiries they considered necessary, including regarding the continuing availability of sufficient group resources, have prepared these financial statements on a going concern basis.

### **Results and dividends**

The performance of the business is set out in the profit and loss account on page 9.

No dividends were paid during the period (2016: £491,229). The directors do not recommend the payment of a final dividend (2016: £Nil).

### **Financial risk management**

The financial risks of the company: credit risk, liquidity risk and interest rate risk pertained mainly during the time when the company was trading. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of such risk.

Given the size of the company the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board, but have a Group Compliance Officer, with specific responsibilities aimed towards FCA regulations. The policies set by the board of directors are implemented by the company's finance department. The department has policies and procedures that set out specific guidelines to manage credit risk, maintain liquidity and monitor interest rate movements.

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Hierarchical authority levels ensure appropriate levels of risk appraisal. Additionally, sales of vehicles are largely fully settled with cleared funds prior to the vehicle being released from stock.

#### *Liquidity risk*

The company actively maintains short-term debt finance that is designed to ensure the company has sufficient available funds for operations at the key peak periods and planned expansions.

# **Essex Auto Group Limited**

## **Directors' report for the period ended 30 June 2017 (continued)**

### **Financial risk management (continued)**

#### *Interest rate risk*

The company has a policy of maintaining debt at a mixture of variable rates with its current bankers to ensure that the company enjoys the current low interest rate regime. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

### **Directors**

The directors of the company who were in office during the period and up to the date of signing the financial statements unless otherwise stated were:

P J Maskell – resigned 14 March 2017  
C A Maskell – resigned 14 March 2017  
M B Brown – resigned 14 March 2017  
M J Reilly – resigned 14 March 2017  
P Mountford – appointed 14 March 2017  
C Brown – appointed 14 March 2017  
G Watson – appointed 14 March 2017  
M W Phillips – appointed 14 March 2017  
P M Wood – appointed 14 March 2017

### **Qualifying third-party indemnity provisions**

The company maintained a directors' and officers' liability insurance policy from 14 March 2017 up to the date of signing the financial statements.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. 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 and support is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **Employee consultation**

The company maintains policies aimed at informing employees of, and involving them in matters relating to the company's activities and performance, as appropriate to their employment.

### **Charitable donations**

The company made £5,032 in charitable donations during the financial period (2016: £9,269) principally in relation to local charities serving the communities in which the company operates.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

# Essex Auto Group Limited

## Directors' report for the period ended 30 June 2017 (continued)

### Statement of directors' responsibilities in respect of the financial statements (continued)

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Post balance sheet events

There have been no significant events affecting the company since the period end.

### Independent auditors

PricewaterhouseCoopers LLP have been appointed as auditors in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



M W Phillips

Director

5 February 2018

# **Essex Auto Group Limited**

## **Independent auditors' report to the members of Essex Auto Group Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Essex Auto Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the 8 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual report"), which comprise: the Balance sheet as at 30 June 2017; the Profit and loss account, the Statement of comprehensive income, the Statement of changes in equity for the 8 month period then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

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

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.

# **Essex Auto Group Limited**

## **Independent auditors' report to the members of Essex Auto Group Limited (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

# Essex Auto Group Limited

## Independent auditors' report to the members of Essex Auto Group Limited (continued)

### Responsibilities for the financial statements and the audit (continued)

#### *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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes

7 February 2018

# Essex Auto Group Limited

## Profit and loss account for the period ended 30 June 2017

	Note	Period from 1 November 2016 to 30 June 2017 £	Year ended 31 October 2016 £
<b>Discontinued operations</b>			
Turnover	5	48,414,406	157,941,614
Cost of sales		(47,195,200)	(150,600,580)
<b>Gross profit</b>		<b>1,219,206</b>	<b>7,341,034</b>
Administrative expenses		(1,773,348)	(5,282,373)
Other operating income		-	75,000
<b>Operating (loss)/profit</b>	6	<b>(554,142)</b>	<b>2,133,661</b>
Finance charges (net)	7	(108,164)	(363,629)
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(662,306)</b>	<b>1,770,032</b>
Tax on (loss)/profit	9	108,250	(413,638)
<b>(Loss)/profit on ordinary activities after tax and for the financial period/year</b>		<b>(554,056)</b>	<b>1,356,394</b>

All amounts derive from discontinued operations.

The notes on pages 13 to 26 form part of these financial statements.

## Essex Auto Group Limited

### Statement of comprehensive income for the period ended 30 June 2017

	Period from 1 November 2016 to 30 June 2017 £	Year ended 31 October 2016 £
(Loss)/profit for the financial period/year	<b>(554,056)</b>	1,356,394
Surplus arising on revaluation of fixed assets	-	611,000
Deferred tax current period/year charge	-	(29,140)
<b>Total comprehensive (expense) for the period/ income for the year</b>	<b><u>(554,056)</u></b>	<b><u>1,938,254</u></b>

The notes on pages 13 to 26 form part of these financial statements.

# Essex Auto Group Limited


## Balance sheet as at 30 June 2017

Company number: 2382874

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Intangible assets	11	-	-	-	-
Tangible assets	12	15,421,333		15,701,300	
Investments	13	-		10,000	
		<u>15,421,333</u>		<u>15,711,300</u>	
<b>Current assets</b>					
Stocks	14	-	28,712,497		
Debtors	15	909,148	5,193,809		
Cash at bank and in hand		-	2,808,049		
		<u>909,148</u>	<u>36,714,355</u>		
<b>Creditors: amounts falling due within one year</b>	16	-	(34,927,255)		
<b>Net current (liabilities)/assets</b>		<u>909,148</u>		<u>1,787,100</u>	
<b>Total assets less current liabilities</b>		<u>16,330,481</u>		<u>17,498,400</u>	
<b>Creditors: amounts falling due after more than one year</b>	17	(3,521,061)	(3,104,950)		
<b>Provision for liabilities</b>	18	-	(1,029,974)		
<b>Net assets</b>		<u>12,809,420</u>		<u>13,363,476</u>	
<b>Capital and reserves</b>					
Called up share capital	19	117,654	117,654		
Share premium account	19	522,870	522,870		
Capital redemption reserve	19	42,630	42,630		
Revaluation reserve	19	6,552,272	6,552,272		
Profit and loss account	19	5,573,994	6,128,050		
<b>Total shareholders' funds</b>		<u>12,809,420</u>	<u>13,363,476</u>		

The notes on pages 13 to 26 form part of these financial statements.

The financial statements on pages 9 to 26 were approved and authorised for issue by the Board of Directors on 5 February 2018 and signed on its behalf by:

  
M W Phillips  
Director

# Essex Auto Group Limited

## Statement of changes in equity for the period ended 30 June 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £
Balance as at 1 November 2015	117,654	522,870	42,630	6,042,478	5,190,819	11,916,451
Profit for the financial year	-	-	-	-	1,356,394	1,356,394
Dividends paid (note 10)	-	-	-	-	(491,229)	(491,229)
Historical cost transfer	-	-	-	(72,066)	72,066	-
Revaluation surplus	-	-	-	611,000	-	611,000
Deferred tax on revaluation	-	-	-	(29,140)	-	(29,140)
Balance as at 31 October 2016	117,654	522,870	42,630	6,552,272	6,128,050	13,363,476
Balance at 1 November 2016	117,654	522,870	42,630	6,552,272	6,128,050	13,363,476
Loss for the financial period	-	-	-	-	(554,056)	(554,056)
<b>Balance as at 30 June 2017</b>	<b>117,654</b>	<b>522,870</b>	<b>42,630</b>	<b>6,552,272</b>	<b>5,573,994</b>	<b>12,809,420</b>

The notes on pages 13 to 26 form part of these financial statements.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017

### 1. General information

Essex Auto Group Limited (the 'company') is a private company limited by shares which is incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given on page 1. As noted in the Strategic report on page 2, the company ceased trading with effect from 14 March 2017.

### 2. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. There were no material departures from that standard.

### 3. Accounting policies

#### Basis of preparation

During the period the company changed its accounting period from 31 October to 30 June. These financial statements therefore present the eight-month financial period ended 30 June 2017 and the comparative results presented are for the financial year ended 31 October 2016.

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value. The company's financial statements are presented in £ sterling which is also the functional currency as that is the currency of the primary economic environment in which the company operates.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently throughout the period and preceding year.

#### Disclosure exemptions

The company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following exemptions in its financial statements:

- i. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- ii. from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- iii. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

#### Going concern

The directors, after making such enquiries as they considered necessary, including regarding the continuing availability of sufficient group resources, have prepared these financial statements on a going concern basis.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 3. Accounting policies (continued)

#### Turnover

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

Turnover 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 turnover 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.

In general this occurs when vehicles or parts have been supplied or when service has been completed.

#### Intangible fixed assets

Intangible assets include goodwill purchased as part of the cost of acquiring the company's trade from third parties which represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and has been amortised on a straight-line basis over 15 years, which the directors believe was a reasonable estimate of its expected economic life. Provision is made for any impairment.

#### Tangible fixed assets

Tangible fixed assets are initially recognised at cost. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life. Any provision for impairment, with the exception of freehold land and certain buildings which are held at valuation.

No depreciation is provided on freehold land. On other assets depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

- Land - no depreciation
- Freehold and long leasehold buildings - 2% per annum
- Machinery and equipment - 20% per annum
- Computer equipment - 25% per annum
- Furniture and fittings - 10% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 3. Accounting policies (continued)

#### Revaluation of properties

Individual freehold and long leasehold properties had been revalued to fair value in the prior year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which was in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, was charged (or credited) to the profit and loss account.

#### Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

#### Stocks

Stocks are stated at the lower of cost and net realisable value.

The cost incurred in bringing each product to its present location and condition is based on:

- Parts – Purchase cost on a first-in, first-out basis
- New vehicles (owned) - Original purchase cost
- New vehicles (consignment) - Current manufacturer purchase price
- Demonstration vehicles - Original cost adjusted to reflect changes in residual value
- Used vehicles - The price paid or trade-in allowance granted

Net realisable value is based upon selling price less an estimate for discounts and selling expenses to be incurred to disposal.

The directors consider that consignment stocks of certain new vehicles held by the company on behalf of the Ford Motor Company and Mazda meet the criteria of Financial Reporting Standard 102 Section 23 to be recognised as assets. Accordingly, such new vehicles are shown as stock in the financial statements with a corresponding liability being shown within creditors falling due within one year.

#### Impairment of assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

#### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 3. Accounting policies (continued)

#### Taxation (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable land, freehold and long leasehold properties using the revaluation model is measured using the tax rates and allowances that apply to sale of the asset.

#### Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful economic lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### Pension costs

During the period the company operated two defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the period. Differences between contributions payable in the period and contributions paid are shown as either accruals or prepayments in the balance sheet. Further details are given in note 20. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 5. Turnover

All the company's turnover is derived from discontinued activities in the United Kingdom and from one class of business.

	Period from 1 November 2016 to 30 June 2017	Year ended 31 October 2016
	£	£
<i>Analysis by category:</i>		
Sale of motor vehicles	43,538,050	144,921,285
Servicing sales	2,787,958	7,489,077
Parts sales	2,088,398	5,531,252
	<u>48,414,406</u>	<u>157,941,614</u>

### 6. Operating (loss)/profit

	Period from 1 November 2016 to 30 June 2017	Year ended 31 October 2016
	£	£
<b>Operating (loss)/profit is stated after charging:</b>		
Stock recognised as an expense	44,112,649	144,624,664
Impairment of stock	66,823	-
Depreciation of and amounts written off tangible fixed assets:		
Owned	279,967	534,233
Operating lease rentals:		
Land and buildings	333,684	948,491
Defined contribution pension cost (note 20)	51,551	122,217
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's annual accounts	88,270	74,500
Fees for tax compliance services	14,500	22,950

### 7. Finance charges (net)

	Period from 1 November 2016 to 30 June 2017	Year ended 31 October 2016
	£	£
<i>Interest payable and similar charges comprises:</i>		
On bank loans and overdrafts	13,998	169,185
On all other loans	91,166	194,444
	<u>108,164</u>	<u>363,629</u>

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 8. Information regarding directors and employees

#### a) Directors' remuneration

	Period from 1 November 2016 to 30 June 2017	Year ended 31 October 2016
<i>Directors of the company received the following remuneration:</i>	£	£
Aggregate emoluments	251,833	519,315
Company contributions to money purchase pension schemes	14,340	30,345
	<u>266,173</u>	<u>549,660</u>
	Number	Number
Number of directors who were members of a money purchase pension scheme (note 20)	<u>3</u>	<u>3</u>
	£	£
Highest paid director's remuneration	77,378	156,422
Emoluments	<u>77,378</u>	<u>156,422</u>

#### b) Staff costs (including executive directors)

	Period from 1 November 2016 to 30 June 2017	Year ended 31 October 2016
	£	£
Wages and salaries	3,329,358	9,486,546
Social security costs	326,307	902,701
Other pension costs (see note 20)	51,551	122,217
	<u>3,707,216</u>	<u>10,511,464</u>
Average monthly number of persons employed	Number	Number
Sales and operatives	185	186
Administration	119	119
	<u>304</u>	<u>305</u>

Average number of employees from 1 November 2017 to 14 March 2017 (2016: 1 November 2015 to 31 October 2016).

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 9. Tax on (loss)/profit

	Period from 1 November 2016 to 30 June 2017 £	Year ended 31 October 2016 £
<b>Current tax</b>		
UK Corporation tax on (loss)/profit for the financial period/year	-	452,893
Adjustments in respect of prior periods	(108,250)	-
Total current tax	<u>(108,250)</u>	<u>452,893</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(43,616)
Adjustments in respect of prior periods	-	-
Effects of changes in rates	-	4,361
Total deferred tax	<u>-</u>	<u>(39,255)</u>
Tax on (loss)/profit on ordinary activities	<u>(108,250)</u>	<u>413,638</u>
<b>Other comprehensive income items</b>		
Deferred tax charge for the current period/year	<u>-</u>	<u>29,140</u>

The difference between the tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation	<u>(662,306)</u>	<u>1,770,032</u>
Tax on (loss)/profit on ordinary activities at blended standard UK corporation tax rate of 19.62% (2016: 19.25%)	(129,971)	354,006
Effects of:		
Expenses not deductible for tax purposes	1,517	55,271
Adjustments in respect of prior periods	(108,250)	-
Tax rate change on deferred tax liability transferred out	128,454	4,361
Tax on (loss)/profit	<u>(108,250)</u>	<u>413,638</u>

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 10. Dividends paid

	Period from 1 November 2016 to 30 June 2017 £	Year ended 31 October 2016 £
<b>Dividends paid in respect of current period/year</b>		
Interim ordinary dividend of £Nil (2016: 4.912p) per ordinary share	-	491,229

### 11. Intangible assets

	Purchased goodwill £
<b>Cost</b>	
At 1 November 2016 and 30 June 2017	1,033,075
<b>Amortisation</b>	
At 1 November 2016 and 30 June 2017	1,033,075
<b>Net book value</b>	
At 30 June 2017	-
At 31 October 2016	-

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 12. Tangible assets

	Freehold and long leasehold land and buildings £	Computer equipment £	Furniture and fittings £	Machinery and equipment £	Total £
<b>Cost or valuation</b>					
At 1 November 2016	15,600,000	62,970	2,777,029	97,735	18,537,734
<b>At 30 June 2017</b>	<b>15,600,000</b>	<b>62,970</b>	<b>2,777,029</b>	<b>97,735</b>	<b>18,537,734</b>
<b>Depreciation</b>					
At 1 November 2016	-	62,970	2,678,503	94,961	2,836,434
Charge for the period	178,667	-	98,526	2,774	279,967
<b>At 30 June 2017</b>	<b>178,667</b>	<b>62,970</b>	<b>2,777,029</b>	<b>97,735</b>	<b>3,116,401</b>
<b>Net book value</b>					
<b>At 30 June 2017</b>	<b>15,421,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,421,333</b>
At 31 October 2016	15,600,000	-	98,526	2,774	15,701,300

Freehold land at cost of £2,200,000 included above (2016: £2,200,000) is not being depreciated.

Freehold land and buildings were not revalued during the current financial period.

In the preceding financial year freehold and long leasehold land and buildings were professionally valued by Autohouse Associates, an independent valuer who are qualified with the Royal Institute of Chartered Surveyors, to fair value at 31 October 2016. Freehold land and building at a cost of £8,000,000 was revalued to £8,350,000. Long leasehold land and building at a cost of £7,250,000 was revalued to £7,250,000.

There was a transfer between the revaluation reserve and profit and loss account in the period of £Nil (2016 - £72,066) for the additional depreciation charge.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 13. Investments

Cost and net book value	Other investments £
At 1 November 2016	10,000
Disposals	(10,000)
At 30 June 2017	-

During the period, the company divested its 4.76 per cent interest in Retail Automotive Alliance Limited, incorporated in the United Kingdom.

### 14. Stocks

	2017 £	2016 £
Parts and consumables	-	388,557
Motor vehicles		
New	-	18,981,095
Used	-	5,542,387
Demonstrators	-	3,800,458
	-	28,712,497

There is no significant difference between the balance sheet value of stocks and their replacement cost.

In the preceding financial year, the value of new vehicles included certain stocks of vehicles held on consignment from Ford Motor Company and Mazda and stocks of vehicles transferred from other dealerships. Vehicle consignment stocks were recognised on the balance sheet where, in substance, they were deemed to be the assets of the company.

In the preceding financial year, the total value of consignment vehicles included within stocks was £18,526,480. A corresponding liability gross of VAT was shown within vehicle creditors, see note 16.

### 15. Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Vehicle debtors	-	2,254,934
Other trade debtors	-	597,398
Total trade debtors	-	2,852,332
Amounts owed by group undertakings	909,148	-
Other debtors	-	1,931,894
Prepayments and accrued income	-	409,583
	909,148	5,193,809

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 16. Creditors: amounts falling due within one year

	2017	2016
	£	£
Short term loans and current portion of long term loans (see note 14)	-	8,139,261
Vehicle creditors	-	22,908,589
Other trade creditors	-	1,056,879
UK corporation tax payable	-	266,393
VAT	-	116,450
Social security and PAYE	-	385,620
Other	-	1,437,930
Accruals and deferred income	-	616,133
	<u>-</u>	<u>34,927,255</u>

In the preceding financial year, vehicle creditors included £18,526,480 consignment stock in accordance with Financial Reporting Standard 102 Section 23. A corresponding asset gross of VAT was shown within stocks, see note 14.

### 17. Creditors: amounts falling after more than one year

	2017	2016
	£	£
Long term loans (secured)	-	3,104,950
Amounts owed to group undertakings	<u>3,521,061</u>	<u>-</u>
	<u>3,521,061</u>	<u>3,104,950</u>

Borrowings are repayable as follows:

#### Secured loans

On demand or within one year	-	8,139,261
Between one and two years	-	619,191
Between two and five years	-	1,857,573
After five years	-	628,186
	<u>-</u>	<u>11,244,211</u>

Up until the acquisition of the company in March 2017, short term and long-term loans were secured on the freehold properties to which they related. Prior to the acquisition of the company, various floating and fixed charges had been granted on all assets as security for its bank overdraft.

At 30 June 2016, the company's loans were with Ford Credit and were payable over a period of 6 more years. The last repayment was scheduled to be made on 15 July 2023. The loans were secured against the property and assets to which they related.

All loans were repaid and charges removed as part of the acquisition of the company in March 2017, as note in the Strategic report on page 2.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 18. Provision for liabilities

Deferred taxation provided is as follows:

	£
At 1 November 2016	1,029,974
Transfer of deferred tax liability out	(1,029,974)
At 30 June 2017	-

The deferred tax liability recognised is as follows:

	2017	2016
	£	£
Fixed asset timing differences	-	1,032,775
Short term timing differences - trading	-	(2,801)
Provision for deferred tax	-	1,029,974

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the company.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 19. Capital and reserves

	2017	2016
	Number	Number
<b>Share capital: called up, allotted and fully paid</b>		
Ordinary A shares of 50p each	-	100,000
Ordinary B1 shares of 50p each	-	100,000
Ordinary B2 shares of 200p each	-	8,827
Ordinary shares of £0.50 each	<b>235,308</b>	-
Total called up share capital	<b>235,308</b>	208,827

On 14 March 2017

- i the company's 8,827 B2 Ordinary shares of 200p each were subdivided into 35,308 B2 Ordinary shares of 50p each.
- ii the company's Ordinary A shares, Ordinary B1 shares and Ordinary B2 shares were designated as Ordinary Shares of £0.50 each

	2017	2016
	£	£
<b>Share capital called up, allotted and fully paid</b>		
Ordinary A shares of 50p each	-	50,000
Ordinary B1 shares of 50p each	-	50,000
Ordinary B2 shares of 200p each	-	17,654
Ordinary shares of £0.50 each	<b>117,654</b>	-
Total called up share capital	<b>117,654</b>	117,654

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve represents paid up share capital.

The revaluation reserve represents the cumulative effect of revaluations of freehold and long leasehold land and buildings.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

# Essex Auto Group Limited

## Notes to the financial statements for the period ended 30 June 2017 (continued)

### 20. Financial commitments

#### Lease commitments

Total future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

	Land and Buildings	
	2017	2016
Payments due:	£	£
Within one year	1,288,958	989,935
Between one and five years	4,524,967	3,927,737
After more than five years	14,231,024	4,755,000
	<u>20,044,949</u>	<u>9,672,672</u>

#### Pension arrangements

The company maintained two pension schemes during the period. The schemes were as follows:

- i Non-management employees – a voluntary non-contributory contracted out scheme administered by NOW Pensions. The assets of the scheme were held separately from the company. Following the acquisition of the company detailed in the Strategic report on page 2, this scheme was operated by a fellow subsidiary at 30 June 2017.
- ii Executive employees – a contributory scheme administered by Towry Pensions. This scheme ceased following the resignation of all former directors of the company as part of the acquisition of the company detailed in the Strategic report on page 2.

Both of the above were defined contribution schemes. The amount charged in the profit and loss account for pension costs of the company was £51,551 (2016: £122,217). As at the balance sheet date, the accrual in relation to pension costs was £Nil (2016: £15,559).

### 21. Related party transactions

In accordance with FRS 102 Section 33.1A, transactions with other wholly owned members of Super Group Limited have not been disclosed in these financial statements.

There were no other related party transactions during the period (2016: £Nil).

### 22. Ultimate parent undertaking and controlling party

On 14 March 2017 100% of the issued share capital of the company was acquired by SG International Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party at the balance sheet date is Super Group Limited, a company incorporated in South Africa, which is the parent undertaking of the smallest and largest group to consolidate these financial statements at 30 June 2017. The consolidated financial statements of Super Group Limited may be obtained from the Company Secretary at 27 Impala Road, Chislehurst, Sandton, South Africa.