

**WATERHOUSE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

# WATERHOUSE LIMITED

## COMPANY INFORMATION

---

Directors	Mr R J Butler Mr H J Butler
Company secretary	S Butler
Registered number	01626442
Registered office	2 Water Lane Bures Suffolk CO8 5DE
Independent auditor	Scrutton Bland LLP Chartered Accountants & Statutory Auditor Fitzroy House Crown Street Ipswich Suffolk IP1 3LG
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP

# WATERHOUSE LIMITED

## CONTENTS

---

	Pages
Strategic Report	1 - 3
Directors' Report	4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 28

# **WATERHOUSE LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **Business review and financial key performance indicators**

The Company is a franchised dealer for Volvo Sales and Aftersales and Mercedes Benz Aftersales: used car sales are substantially associated with the Volvo franchise.

During periods of the year the enterprise was affected by the continuing impact of the Covid pandemic. Compliance with operating restrictions and adherence to best practice guidelines impacted sales operations during the early months of the year. Importantly the pandemic affected the material and component supply chain to the extent that Volvo, in common with other manufacturers, was unable to restore new car production to pre-pandemic levels.

Notwithstanding these factors which restricted new car national registrations the Volvo car range was well placed in the market and continued to perform well. Volvo operates in the premium sector and has prioritised development and supply of a range of electric vehicles and this market segment increased very significantly: this trend is expected to continue.

The Company performed strongly within its local area and exceeded the Volvo national average market share. Additionally Volvo launched an online new car sales platform featuring a direct order interface with customer delivery effected by a chosen dealer: The Company achieved an above average performance in this important new sales channel.

At the year end the Company had net assets of £770,440 including cash at bank of £674,783 and an unused overdraft facility of £200,000. The Company's financial resources will provide resilience should it need to respond to unexpected adverse market conditions, and enable continued trading in the future.

---

# WATERHOUSE LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### Principal risks and uncertainties

#### Business

Both 2020 and 2021 were years of unprecedented changes and challenges in both the new and used car markets and abnormal conditions will continue to dictate both revenues and costs in the coming year. Notwithstanding the volatility in car sales Waterhouse has consistently enhanced volumes and revenues derived from car service year on year and this important activity continues to provide financial stability for the enterprise.

On 30 June 2021 the Company received notice of franchise agreement termination from Volvo Car UK Limited which will become effective by 30 June 2023. The termination is non-specific but in common with a number of dealers in the south-east, VCUK require the Company to provide facilities which are compliant with a new Volvo national standard. This notice will result in the Company being unable to sell new Volvo cars or undertake warranty repairs however the other areas of operation will be largely unaffected.

#### Price

The Group is restricted to a maximum sales price it can sell its franchise cars for as part of franchise regulations but is otherwise free to determine sales prices and discounts for products.

#### Credit

The Group provides credit to customers, but all credit customers are reviewed and credit limits set prior to credit being provided. ThecGroup has a number of key debtors which are finance companies.

#### Liquidity and cashflow

The Company prepares detailed financial forecasts which take into account anticipated revenue reductions to prepare for changes that may be required in its current operations in order to continue to trade profitably and generate sufficient cash to meet its financial obligations as they fall due.

The Company purchases the majority of its vehicle stock using a vehicle stocking facility provided since January 2021 by Volvo Car Financial Services UK Limited and has access to an overdraft facility provided by Barclays as part of its cash flow management. Customers requiring credit are checked before this is provided and strictly monitored to reduce the risk of bad debts.

# WATERHOUSE LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### Financial key performance indicators

The financial key performance indicators for the Company are revenue and gross profit.

	2021	2020
Revenue	£27,462,295	£21,264,071
Gross profit	£1,565,631	£637,656
Gross margin	5.70%	3.00%
Operating costs	£1,116,130	£954,908
Operating profit/(loss)	£555,842	£55,322
Operating margin	2.02%	0.26%
Interest	£37,202	£55,288
Profit before tax	£518,640	£34
Cash	£674,783	£841,201
Net assets	£770,440	£428,263

The key financial performance indicators illustrate the extraordinary changes brought about by the resumption of activity within the retail motor sector during 2021 following the restricted trading of the previous year and are representative of general industry trends. Notwithstanding operating difficulties occasioned by the continuing Covid pandemic aftersales activities recorded significant volume increases over the previous year and despite supply restrictions constraining car sales volumes the profit margins were favourable.

The financial success of the enterprise derived essentially from the improved trading conditions and the unusual market opportunity but the directors would again give credit to the outstanding contribution made by all employees throughout the year who continued to demonstrate commercial success by a determination to provide both current and new customers with unrivalled expertise and support throughout their ownership cycle – particularly recognising the need to provide cost effective repair solutions for older vehicles.

There are no external borrowings of any nature beyond the noted wholesale stocking facility which has been maintained within limits unchanged from the previous year.

This report was approved by the board on 30 March 2022 and signed on its behalf.

**Mr R J Butler**  
Director

# **WATERHOUSE LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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

### **Results and dividends**

The profit for the year, after taxation, amounted to £410,927 (2020 - loss £5,441).

The directors have not recommended any dividends to be paid since the year end (2020 - £nil).

### **Directors**

The directors who served during the year and to the date of this report, were:

Mr R J Butler  
Mr H J Butler

### **Future developments**

On 30 June 2021 Volvo Car UK Limited issued Waterhouse Limited with a two year notice of termination of the Dealer Agreement effective on 30 June 2023. The directors are in communication with Volvo Car UK Limited and other parties to establish a resolution to the franchise termination.

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

The Company made qualifying third party indemnity provisions for the benefit of its directors during the year which remain in force at the date of this report.

### **Matters covered in the strategic report**

Details of the Company's principal risks and uncertainties to which it is exposed, significant post balance sheet events and significant future developments are included in the Strategic Report.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director 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 auditor is aware of that information.

This report was approved by the board on 30 March 2022 and signed on its behalf.

**Mr R J Butler**  
Director

# **WATERHOUSE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

---

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

---

# **WATERHOUSE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERHOUSE LIMITED**

---

### **Opinion**

We have audited the financial statements of Waterhouse Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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**

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **WATERHOUSE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERHOUSE LIMITED (CONTINUED)**

---

### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

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

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

# **WATERHOUSE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERHOUSE LIMITED (CONTINUED)**

---

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience and through discussions and enquiries of directors and management. During the engagement team briefing, the outcomes of these discussions were shared with the team, as well as consideration as to where and how fraud may occur in the Company.

The following laws and regulations were identified as being of significance to the Company:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards and UK Company Law.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the Company complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

# WATERHOUSE LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERHOUSE LIMITED (CONTINUED)

---

### Use of our report

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

Adam Smith (Senior Statutory Auditor)

for and on behalf of

**Scrutton Bland LLP**

Chartered Accountants

Statutory Auditor

Fitzroy House

Crown Street

Ipswich

Suffolk

IP1 3LG

31 March 2022

---

# WATERHOUSE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	4	27,462,295	21,264,071
Cost of sales		(25,896,664)	(20,626,415)
<b>Gross profit</b>		<b>1,565,631</b>	637,656
Administrative expenses		(1,116,130)	(954,908)
Other operating income	5	106,341	372,574
<b>Operating profit</b>	6	<b>555,842</b>	55,322
Interest payable and similar expenses	10	(37,202)	(55,288)
<b>Profit before tax</b>		<b>518,640</b>	34
Tax on profit	11	(107,713)	(5,475)
<b>Profit/(loss) for the financial year</b>		<b>410,927</b>	(5,441)

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 13 to 28 form part of these financial statements.

**WATERHOUSE LIMITED**

REGISTERED NUMBER:01626442

**BALANCE SHEET  
AS AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	220,265	312,562
		<u>220,265</u>	<u>312,562</u>
<b>Current assets</b>			
Stocks	14	2,149,479	2,048,294
Debtors: amounts falling due within one year	15	783,236	839,160
Cash at bank and in hand	16	674,783	841,201
		<u>3,607,498</u>	<u>3,728,655</u>
Creditors: amounts falling due within one year	17	(2,750,893)	(3,500,051)
<b>Net current assets</b>		<u>856,605</u>	<u>228,604</u>
<b>Total assets less current liabilities</b>		<u>1,076,870</u>	<u>541,166</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(43,567)	(48,826)
Other provisions	19	(262,863)	(64,077)
		<u>(306,430)</u>	<u>(112,903)</u>
<b>Net assets</b>		<u><u>770,440</u></u>	<u><u>428,263</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	250,000	250,000
Profit and loss account	21	520,440	178,263
<b>Shareholders' funds</b>		<u><u>770,440</u></u>	<u><u>428,263</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 March 2022.

**Mr R J Butler**  
Director

**Mr H J Butler**  
Director

The notes on pages 13 to 28 form part of these financial statements.

# WATERHOUSE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

---

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 January 2020</b>	<b>250,000</b>	<b>252,454</b>	<b>502,454</b>
Loss for the year	-	(5,441)	(5,441)
Dividends: Equity capital	-	(68,750)	(68,750)
<b>At 1 January 2021</b>	<b>250,000</b>	<b>178,263</b>	<b>428,263</b>
Profit for the year	-	410,927	410,927
Dividends: Equity capital	-	(68,750)	(68,750)
<b>At 31 December 2021</b>	<b>250,000</b>	<b>520,440</b>	<b>770,440</b>

---

The notes on pages 13 to 28 form part of these financial statements.

# **WATERHOUSE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **1. General information**

The Company is a private company incorporated and registered in England and Wales. The address of the registered office is 2 Water Lane, Bures, Suffolk, CO8 5DE. The address of the principal place of business is Waterhouse Business Park, 2-8 Baynes Place, Chelmsford, Essex, CM1 2QX.

The Company's principal activities during the year were the sale of new and used Volvo vehicles and the service and repair of Mercedes-Benz and Volvo vehicles.

### **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 judgment 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 Gladwell Commercial Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

# **WATERHOUSE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **2. Accounting policies (continued)**

#### **2.3 Going concern**

The financial statements are drawn up on a going concern basis.

The Company has recovered from the impact of Covid-19 which has seen revenue and profits increase, with cash at bank remaining strong.

The directors have reviewed forecasts and believe that the Company is in a strong position to continue trading and meet its liabilities as they fall due for a period of 12 months from the approval of these financial statements.

#### **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:

Turnover from the sale of new and used vehicles is recognised when the vehicles are delivered to the customers.

Turnover from vehicle servicing and repairs is recognised when work has been performed and the Company becomes entitled to the income.

#### **2.5 Operating leases: the Company as lessee**

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

#### **2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

#### **2.7 Finance costs**

Finance costs are charged to profit or loss 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2. Accounting policies (continued)

#### 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 profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.9 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

#### 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.

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2. Accounting policies (continued)

#### 2.10 Tangible fixed assets (continued)

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is provided on the following basis:

Leasehold improvements	-	straight line over the term of the lease
Plant and machinery	-	3 to 10 years
Motor vehicles	-	charged according to the age and condition of the vehicle
Fixtures and fittings	-	3 to 5 years straight line

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 profit or loss.

#### 2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Vehicle stock is based on the purchase costs of the actual vehicles held. Parts stock is based on purchase costs on a first in, first out basis.

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.

The Company purchases vehicles under a consignment arrangement under which the risks and rewards of ownership do not pass to the Company until the vehicles are delivered to its premises. Accordingly, neither the stock nor the corresponding liabilities are recognised in respect of any vehicles which had been consigned to the Company but not received at the year end.

#### 2.12 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.

#### 2.13 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.

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2. Accounting policies (continued)

#### 2.14 Creditors

Short term creditors are measured at the transaction price.

#### 2.15 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 profit or loss 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.

#### 2.16 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Comprehensive Income.

#### 2.17 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.

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and amounts reported for revenue and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. Critical judgements and key estimates in these financial statements are:

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The Company sells vehicles and (as part of its servicing and repairs department) vehicle parts. It is therefore subject to changing consumer demands and manufacturer requirements. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of vehicles and parts, and future usage of them.

Certain of the Company's property leases contain clauses requiring reinstatement and repair of premises upon termination. The directors have estimated the present value of the costs to meet this requirement and a provision has been included in the financial statements. The directors keep the condition and cost of reinstatement under review with the aim of maintaining their best estimate at each year end.

The onerous lease provision relates to the estimated costs that will be incurred in respect of a lease in excess of expected cash flows. The provision is the estimated present value of the rent and rates that will be incurred between vacant possession and expiration of the lease agreement.

### 4. Turnover

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

	2021 £	2020 £
Vehicle sales and associated income	23,869,852	18,091,218
Parts and servicing sales	3,592,443	3,172,853
	<u>27,462,295</u>	<u>21,264,071</u>

Analysis of turnover by geographical destination is as follows:

	2021 £	2020 £
United Kingdom	<u>27,462,295</u>	<u>21,264,071</u>

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 5. Other operating income

	2021	2020
	£	£
Government grants receivable	<u>106,341</u>	<u>372,574</u>

### 6. Operating profit

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible fixed assets	130,184	92,751
Profit on disposal of tangible fixed assets	(13,941)	(2,812)
Other operating lease rentals	<u>262,575</u>	<u>207,949</u>

### 7. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,000</u>	<u>15,220</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the consolidated financial statements of the ultimate parent undertaking.

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	1,696,900	1,699,949
Social security costs	177,815	174,868
Cost of defined contribution pension scheme	123,263	172,424
	<u>1,997,978</u>	<u>2,047,241</u>

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

	2021 No.	2020 No.
Administration	11	14
Technical	41	43
	<u>52</u>	<u>57</u>

### 9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	90,877	67,566
Company contributions to defined contribution pension schemes	40,000	108,000
	<u>130,877</u>	<u>175,566</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

---

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 10. Interest payable and similar expenses

	2021 £	2020 £
Vehicle stocking loan interest payable	37,202	54,950
Finance leases and hire purchase contracts	-	338
	<u>37,202</u>	<u>55,288</u>

### 11. Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profit for the year	<u>112,972</u>	<u>386</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(14,666)	274
Changes to tax rates	9,407	4,815
	<u>107,713</u>	<u>5,475</u>
<b>Taxation on profit on ordinary activities</b>	<u>107,713</u>	<u>5,475</u>

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>518,640</u>	<u>34</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	98,542	6
<b>Effects of:</b>		
Expenses not deductible for tax purposes	10	-
Other assets not qualifying for capital allowances	643	654
Change in tax rate	9,407	4,815
Group relief	(889)	-
<b>Total tax charge for the year</b>	<u><b>107,713</b></u>	<u><b>5,475</b></u>

#### Factors that may affect future tax charges

The Finance Act 2021 announced an increase of the main rate of UK corporation tax rate from 19% to 25% from 1 April 2023. This was enacted in June 2021. Accordingly, deferred tax assets and liabilities are stated at 25%.

### 12. Dividends

	2021 £	2020 £
Interim dividend on ordinary shares	<u>68,750</u>	<u>68,750</u>

---

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 13. Tangible fixed assets

	Leasehold improve- ments £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2021	339,130	752,759	247,224	301,236	1,640,349
Additions	-	13,394	114,167	2,973	130,534
Disposals	-	(171)	(119,200)	(25,464)	(144,835)
At 31 December 2021	339,130	765,982	242,191	278,745	1,626,048
<b>Depreciation</b>					
At 1 January 2021	305,900	648,672	117,988	255,227	1,327,787
Charge for the year	18,189	39,532	48,450	24,013	130,184
Disposals	-	(171)	(26,551)	(25,466)	(52,188)
At 31 December 2021	324,089	688,033	139,887	253,774	1,405,783
<b>Net book value</b>					
At 31 December 2021	15,041	77,949	102,304	24,971	220,265
<b>At 31 December 2020</b>	33,230	104,087	129,236	46,009	312,562

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 14. Stocks

	2021 £	2020 £
Parts	116,814	85,282
Work in progress	7,992	6,818
Motor vehicles	2,024,673	1,956,194
	<u>2,149,479</u>	<u>2,048,294</u>

The Company held some vehicles under a consignment arrangement whereby the risks and rewards of ownership have not passed to the Company at the balance sheet date. Accordingly, neither the stock nor the corresponding liabilities have been recognised in these financial statements. The cost of these vehicles at the balance sheet date was £797,799 (2020 - £2,139,011).

Impairment losses totalling £110,975 (2020 - £103,332) were recognised in profit and loss in the year.

### 15. Debtors

	2021 £	2020 £
Trade debtors	178,798	136,679
Amounts owed from ultimate parent undertaking	225,000	141,250
Other debtors	32,067	281,163
Prepayments and accrued income	347,371	280,068
	<u>783,236</u>	<u>839,160</u>

### 16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>674,783</u>	<u>841,201</u>

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,777,497	3,001,948
Corporation tax payable	112,972	386
Other taxation and social security	260,123	61,871
Other creditors	384,253	245,742
Accruals and deferred income	216,048	190,104
	<u>2,750,893</u>	<u>3,500,051</u>

### 18. Deferred taxation

	2021 £	2020 £
At beginning of year	(48,826)	(43,737)
Charge to profit and loss	5,259	(5,089)
<b>At end of year</b>	<u><b>(43,567)</b></u>	<u><b>(48,826)</b></u>

The deferred taxation liability comprises:

	2021 £	2020 £
Accelerated capital allowances	(45,102)	(49,999)
Tax losses carried forward	1,535	1,173
	<u><b>(43,567)</b></u>	<u><b>(48,826)</b></u>

---

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 19. Provisions

	Lease reinst'ment provision £	Onerous lease provision £	Total £
At 1 January 2021	64,077	-	64,077
Charged to profit or loss	117,531	81,255	198,786
<b>At 31 December 2021</b>	<b>181,608</b>	<b>81,255</b>	<b>262,863</b>

The lease reinstatement provision relates to the estimated costs of reinstating the Company's premises at the termination of the lease to the condition detailed within the lease agreement. The provision is the estimated present value of the works required based on the condition of the premises at the year end.

The onerous lease provision relates to the estimated costs that will be incurred in respect of two leases in excess of expected cash flows. The provision is the estimated present value of the rent and rates that will be incurred between vacant possession and expiration of the lease agreements.

### 20. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
250,000 Ordinary shares of £1.00 each	<u>250,000</u>	<u>250,000</u>

### 21. Reserves

#### Profit and loss account

The profit and loss account represents the Company's accumulated profits available for distribution less dividends payable.

# WATERHOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 22. Contingent liabilities

On 23 November 2017 the Company provided Barclays Bank plc with a debenture over its net assets in respect of any bank borrowings owed.

On 3 January 2018 the Company provided Barclays Bank plc with a legal charge over some of its leasehold property in respect of any bank borrowings owed. Also on 3 January 2018 WBP Property Nominee No 1 Limited and WBP Property Nominee No 2 Limited, the immediate landlord, also provided Barclays Bank plc with a legal charge over the property in respect of any bank borrowings owed by the Company. Gladwell Commercial Holdings Limited, the ultimate landlord and owner of the freehold property, also provided an equivalent charge over the freehold property.

At the year end the Company did not owe any bank borrowings to Barclays Bank plc (2020 - £nil).

### 23. 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 £123,263 (2020 - £172,424). Contributions totalling £10,554 (2020 - £10,246) were payable to the fund at the balance sheet date and are included in creditors.

### 24. Commitments under operating leases

The Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	192,517	190,683
Later than 1 year and not later than 5 years	152,625	347,958
	<u>345,142</u>	<u>538,641</u>

### 25. Other financial commitments

At the balance sheet date the Company was committed to purchase consignment stock of £797,799 (2020 - £2,139,011).

At the balance sheet date the Company was committed to purchase other vehicles under non consignment arrangements for £226,464 (2020 - £277,691).

# **WATERHOUSE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **26. Related party transactions**

During the year the Company paid rent of £99,200 (2020 - £99,200) to its ultimate parent company. At the balance sheet date, the Company was owed £225,000 (2020 - £141,250) by its ultimate parent company.

During the year the Company paid dividends to its immediate parent company of £68,750 (2020 - £68,750).

During the year the Company paid rent to the occupational pension scheme of the ultimate parent company of £38,500 (2020 - £38,500) net of VAT.

During the year the Company paid wages of £41,043 (2020 - £34,543) to a close family member of the directors.

### **27. Controlling party**

The Company's immediate controlling company is Titanstrong Limited by virtue of its majority shareholding in the Company.

The Company's ultimate controlling company is Gladwell Commercial Holdings Limited by virtue of its majority shareholding in Titanstrong Limited.

The largest and smallest group for which the Company's results are included is headed by Gladwell Commercial Holdings Limited. Copies of the consolidated financial statements of Gladwell Commercial Holdings Limited are publicly available from Companies House, Crown Way, Cardiff CF14 3UZ.

The Company's ultimate controlling party is Mr R J Butler by virtue of his majority shareholding in Gladwell Commercial Holdings Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.