

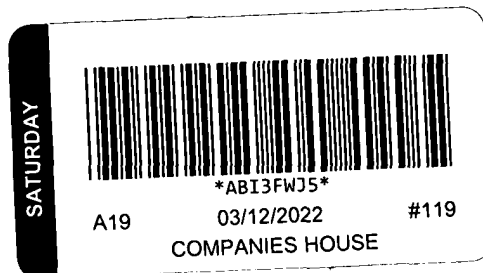
Snows Motor Group Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 01318267



Snows Motor Group Limited

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Company Information

Directors	S P Snow S J Gates N R McCue A R Domone
Registered number	01318267
Registered office	Snows House Second Avenue Millbrook Southampton Hampshire SO15 0BT
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Snows Motor Group Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Review of the business and future developments

The principal activity of the company continued to be that of a Franchised Motor Dealer, representing many different manufacturer brands. The statement of comprehensive income for the company is set out on page 10 of the financial statements and shows an increase in turnover of £113.6m. This is due to the impact COVID-19 pandemic in the prior year. The gross profit for 2021 increased to £70.2m from £51.3m, the gross margin percentage being 14.4% for 2021 compared to 13.8% in 2020.

The profit before taxation totalled £7.6m compared to a profit of £2.7m in 2020.

The company continues to demonstrate good monetary management and has a strong focus on cashflow management.

There are no plans to alter the existing operation of the company in the future.

Key performance indicators

	2021	2020	Method of calculation
Return on sales (%)	1.6	0.7	Profit before tax divided by turnover
Gross margin (%)	14.4	13.8	Gross profit divided by turnover
Capital expenditure (£'000)	1,722	834	Investment in capital items in the year
Overhead absorption (%)	54.4	54.2	Aftersales contribution divided by total overheads
Average number of staff	861	902	Average number taken from payroll

The board also monitors non-financial key performance indicators, which include:
Customer satisfaction, as measured by independent third parties, employee turnover and absences.

Financial performance

	Year to 31/12/21 £'000	Year to 31/12/20 £'000	Change £'000
Turnover	486,384	372,754	113,630
Gross Profit	70,159	51,300	18,859
Operating profit	8,117	3,441	4,676
Profit before tax	7,560	2,670	4,890

Snows Motor Group Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Section 172 Statement

Corporate governance within the company provides a framework to not only demonstrate how the board makes decisions for the long-term success of the group and its stakeholders, but also has regard as to how the board ensures the company complies with the requirements of Section 172 of the Companies Act 2006.

During 2021 the key decisions by the board included:

- Growth of Peugeot

In November 2021 the Group acquired its sixth Peugeot site with the successful acquisition of Hamble Motors Limited which gives contiguous brand representation in Hampshire through to West Sussex.

- Customer service and staff development

It is of key importance to the company to maintain a reputation of supplying high quality products and services to customers and this can be seen with the quality of franchises we partner with. To ensure the continuation of the high-quality services in 2021 there has been significant continued investment in training in all departments in addition to the ongoing investment in a programme for apprentices for long term success.

- Covid-19 actions

The pandemic continued to have an impact on the business resulting in temporary closures of showrooms, new vehicles supply shortages and staff recruitment challenges. In order to address these key challenges the Board increased Used vehicles stocking levels to negate the impact of supply concerns to our customers and concluded a thorough review of pay plans for both our technical and sales staff.

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The main one is that of the general economic conditions.

Inflationary cost pressures are evident in all areas of life the UK and the board acknowledge a need to be aware of the impact upon the business.

The most immediate impact upon future profitability is the increasing cost of interest which the board continue to be aware of and manage to ensure the said cost is mitigated without being to the detriment of the group's operation.

The Group has continued to invest in its dealerships to ensure brand compliance.

The directors monitor these risks on a regular basis.

We continue to have a good relationship with our bankers and all of our franchisors.

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



S P Snow
Director

Date: 29/11/22

Snows Motor Group Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £5,940,902 (2020 - £2,015,619).

The directors do not recommend the payment of a dividend for the year under review.

Financial Instruments

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

The company monitors cash flow as part of its day to day control procedures. The board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Liquidity risk

The directors seek to manage liquidity risk by ensuring that stock levels are controlled, and by ensuring that sufficient liquidity is available to meet foreseeable needs.

Interest rate risk

The company finances its operations through a mixture of retained profits and stocking loans. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities when the requirement arises.

The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2021 is shown in the balance sheet. The balance sheet includes trade debtors and creditors which do not attract interest and are therefore not subject to fair value interest rate risk.

Engagement with employees

Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

Disabled employees

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment of retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Directors

The directors who served during the year were:

S P Snow
S J Gates
N R McCue
A R Domone

Snows Motor Group Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

Streamlines Energy and Carbon Reporting

Please refer to the Snows Business Holdings Limited director's report for the group's streamlined energy and carbon reporting.

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.

Post balance sheet events

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

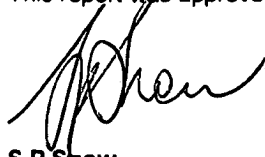
Snows Motor Group Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



S P Show
Director

Date: 29/11/22

Snows Motor Group Limited

Independent Auditor's Report to the Members of Snows Motor Group Limited

Opinion on the financial statements

In our opinion the financial statements:

- 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.

We have audited the financial statements of Snows Motor Group 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 notes to the financial statements, 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).

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. 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.

Independence

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

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.

Snows Motor Group Limited

Independent Auditor's Report to the Members of Snows Motor Group Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

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.

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, 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.

Snows Motor Group Limited

Independent Auditor's Report to the Members of Snows Motor Group Limited (continued)

Auditor's responsibilities for the audit of the financial statement

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and group accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the group and the motor retail industry, including data protection laws and regulations around FCA compliance;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members (which included motor dealership specialists) and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and inventories and journals raised after the year end.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.


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

Snows Motor Group Limited

Independent Auditor's Report to the Members of Snows Motor Group 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.

DocuSigned by:

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Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

Date: 29 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Snows Motor Group Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	486,384,409	372,754,412
Cost of sales		(416,225,427)	321,454,756)
Gross profit		70,158,982	51,299,656
Administrative expenses		(63,408,102)	(53,066,724)
Other operating income	4	1,366,455	5,207,958
Operating profit	5	8,117,335	3,440,890
Interest payable and similar charges	8	(557,609)	(770,776)
Profit before tax		7,559,726	2,670,114
Tax on profit	9	(1,618,824)	(654,495)
Profit for the financial year		5,940,902	2,015,619

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 13 to 25 form part of these financial statements.

Snows Motor Group Limited

Registered number: 01318267

Balance Sheet As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	10		7,009,151		6,446,177
Current assets					
Stocks	11	61,013,936		76,065,781	
Debtors: amounts falling due within one year	12	16,869,259		9,959,423	
Cash at bank and in hand		3,420,722		4,289,340	
		<u>81,303,917</u>		<u>90,314,544</u>	
Creditors: amounts falling due within one year	13	(76,582,990)		(91,379,002)	
Net current assets/(liabilities)			<u>4,720,927</u>		<u>(1,064,458)</u>
Total assets less current liabilities			<u>11,730,078</u>		<u>5,381,719</u>
Creditors: amounts falling due after more than one year	14		(325,000)		(804,735)
Provisions for liabilities					
Deferred tax	15		(690,253)		(463,109)
Other provisions	16		(1,231,264)		(571,216)
Net assets			<u><u>9,483,561</u></u>		<u><u>3,542,659</u></u>
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account	18		9,483,461		3,542,559
Total equity			<u><u>9,483,561</u></u>		<u><u>3,542,659</u></u>

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



S J Gates
Director

Date: 29/11/22

The notes on pages 13 to 25 form part of these financial statements.

Snows Motor Group Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	100	1,526,940	1,527,040
Profit for the year	-	2,015,619	2,015,619
At 1 January 2021	100	3,542,559	3,542,659
Profit for the year	-	5,940,902	5,940,902
At 31 December 2021	100	9,483,461	9,483,561

The notes on pages 13 to 25 form part of these financial statements.

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Snows Motor Group Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

1.2 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 Snows Business Holdings Limited as at 31 December 2021 and these financial statements may be obtained from the registered address of the company.

1.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the group will have sufficient funds available to enable it to continue to trade for the foreseeable future. In making their assessment that this assumption is correct the directors have undertaken an in depth review of the business, its current prospects, and cash resources as set out below.

After due consideration of these 2021 results plus forecasts for 2022 and 2023 together with the strong cash position and funding available, the directors consider that the company has adequate financial resources to continue in operational existence for the foreseeable future, and for this reason the financial statements have been prepared on a going concern basis.

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.4 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment or delivery to the customer. Service and Bodyshop work is recognised on the completion of the agreed work.

1.5 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the company's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life. This is estimated to be from 10 to 15 years.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation, such costs include costs directly attributable to making the asset capable of operations as intended.

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets, evenly over their expected useful lives.

Depreciation is provided on the following basis:

Leasehold property	- Over the term of the lease
Plant and machinery	- 15 - 20% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 15 - 33% reducing balance

1.7 Leased assets: the company as lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of Comprehensive Income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.8 Stocks

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

Where the nature of the agreement with the manufacturer confers the benefit and associated risk of ownership to the company on consignment, such stocks and the corresponding creditor are included on the balance sheet although legal title remains with the supplier until sold.

1.9 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 and loans to related parties.

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.

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

1.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

1.11 Pensions

The company is a member of the holding company's defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are management's best knowledge of the amount, events or actions, actual amounts ultimately may differ from those estimates.

The directors have made the following critical estimates and judgements deemed to be applicable to the financial statements:

Stocks

Consideration has been given by the directors to the level of provision against vehicle stocks. In determining the provision required the directors have used guidance from independent valuation tools and their knowledge of the industry.

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

3. Turnover

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

	2021 £	2020 £
Vehicles	441,810,646	335,236,696
Aftersales	44,573,763	37,517,716
	<u>486,384,409</u>	<u>372,754,412</u>

All turnover arose within the United Kingdom.

4. Other operating income

	2021 £	2020 £
Coronavirus Job Retention Scheme grants	811,439	4,960,958
Local council grants	555,016	247,000
	<u>1,366,455</u>	<u>5,207,958</u>

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	1,147,846	1,131,133
Other operating lease rentals	25,550	74,423
Defined contribution pension cost	802,361	971,486
Impairment of stocks	601,202	601,133
	<u>2,577,000</u>	<u>2,778,175</u>

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	49,175	43,500
	<u>49,175</u>	<u>43,500</u>

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

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	29,012,298	26,619,762
Social security costs	2,716,575	2,385,706
Cost of defined contribution scheme	802,361	971,486
	<u>32,531,234</u>	<u>29,976,954</u>

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

	2021 No.	2020 No.
Selling and distribution	737	757
Administration	124	145
	<u>861</u>	<u>902</u>

All directors are remuneration through Snows Business Holdings Limited.

8. Interest payable and similar charges

	2021 £	2020 £
Stocking interest	529,653	733,465
Loan interest payable	27,956	37,311
	<u>557,609</u>	<u>770,776</u>

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	1,418,778	568,059
Adjustments in respect of previous periods	3,809	-
Total current tax	<u>1,422,587</u>	<u>568,059</u>
Deferred tax		
Origination and reversal of timing differences	56,809	86,758
Adjustment in respect of previous periods	(5,181)	(322)
Change in tax rate	144,609	-
Total deferred tax	<u>196,237</u>	<u>86,436</u>
Taxation on profit on ordinary activities	<u><u>1,618,824</u></u>	<u><u>654,495</u></u>

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>7,559,726</u>	<u>2,670,114</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,436,348	507,322
Effects of:		
Expenses not deductible for tax purposes	73,884	103,220
Adjustments to tax charge in respect of prior periods	(1,372)	(322)
Changes in deferred tax rate	164,774	44,275
Deferred tax not recognised	3,690	-
Other	(58,500)	-
Total tax charge for the year	<u><u>1,618,824</u></u>	<u><u>654,495</u></u>

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

9. Taxation (continued)

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset/liability at the balance sheet date has been calculated using the applicable rate when the asset/liability is expected to be realised.

10. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2021	6,785,366	5,223,472	470,023	4,746,349	17,225,210
Additions	310,558	1,060,799	173,428	177,301	1,722,086
Acquisitions	22,286	64,838	-	32,298	119,422
Disposals	(286,511)	(991,862)	(130,048)	(1,070,851)	(2,479,272)
At 31 December 2021	6,831,699	5,357,247	513,403	3,885,097	16,587,446
Depreciation					
At 1 January 2021	3,519,526	3,512,768	191,888	3,554,851	10,779,033
Charge for the year	354,810	402,175	120,688	270,173	1,147,846
Disposals	(264,225)	(985,287)	(31,694)	(1,067,378)	(2,348,584)
At 31 December 2021	3,610,111	2,929,656	280,882	2,757,646	9,578,295
Net book value					
At 31 December 2021	3,221,588	2,427,591	232,521	1,127,451	7,009,151
At 31 December 2020	3,265,840	1,710,704	278,135	1,191,498	6,446,177

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Stocks

	2021 £	2020 £
Raw materials and consumables	46,382	39,568
Work in progress	388,594	234,189
Finished goods and goods for resale	60,578,960	75,792,024
	<u>61,013,936</u>	<u>76,065,781</u>

Consignment stock

Consignment vehicles exclude new vehicle stocks held by the manufacturers to the order of the company, which are not capable of bearing a finance charge and amount to £8,533,917 (2020 - £10,991,316).

There is no material difference between the replacement cost of stocks and the amount stated above.

12. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	12,558,720	8,389,176
Amounts owed by group undertakings	3,018,954	-
Other debtors	18,607	15,802
Prepayments and accrued income	1,272,978	1,554,445
	<u>16,869,259</u>	<u>9,959,423</u>

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Creditors: amounts falling due within one year

	2021 £	2020 £
Vehicle stocking loans	24,990,317	21,406,655
Other loans	207,061	553,875
Trade creditors	29,075,791	22,690,824
Consignment liabilities	15,978,637	37,478,037
Amounts owed to group undertakings	3,140,174	6,120,408
Corporation tax	870,541	568,059
Other taxation and social security	818,008	582,954
Accruals and deferred income	1,502,461	1,978,190
	<u>76,582,990</u>	<u>91,379,002</u>

Vehicle stocking loans are secured against each individual asset concerned.

The finance for deposits on consignment stock are regarded effectively as being under the control of the company and, in accordance with FRS 102, are included within stock and creditors on the balance sheet, although legal title has not passed to the company. The creditor is secured directly on these vehicles.

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

	2021 £	2020 £
Other loans	<u>325,000</u>	<u>804,735</u>

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Vehicle stocking loans	24,990,317	21,406,655
Other loans	207,061	553,875
	<u>25,197,378</u>	<u>21,960,530</u>
Amounts falling due 1-2 years		
Other loans	<u>156,000</u>	<u>478,099</u>
Amounts falling due 2-5 years		
Other loans	<u>169,000</u>	<u>326,636</u>
	<u>25,522,378</u>	<u>22,765,265</u>

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Deferred taxation

	2021 £	2020 £
At beginning of year	463,109	376,673
Charged to the profit or loss	196,237	86,436
Transfer from fellow subsidiary	30,907	-
At end of year	690,253	463,109

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	505,033	292,808
Capital gain	224,080	170,301
Other timing difference	(38,860)	-
	690,253	463,109

16. Provisions

	Warranty provision £
At 1 January 2021	571,216
Credited to profit or loss	(30,321)
Additions	954,549
Utilised in year	(264,180)
At 31 December 2021	1,231,264

The company offer to and sell to customers third party warranty plans. The provisions reflect the balance on policies sold set aside for future claims against such policies. At each year end the directors estimate the level of anticipated costs based on third party data and their knowledge of previous scheme performance.

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
100 (2020 - 100) Ordinary Shares of £1.00 each	<u>100</u>	<u>100</u>

18. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid.

19. Business combinations

On 1 December 2021, the company hived up the trade and assets of a fellow subsidiary undertaking, Hamble Motors Limited.

The transfer values were at net asset value and no profit or loss arose on these transfers.

From 1 December 2021 the trade contributed turnover totaling £2,220,654 and loss before tax of £90,987.

20. Contingent liabilities

The company has given an unlimited guarantee for all monies owed to the bank by Snows Business Holdings Limited. The amount as at 31 December 2021 is disclosed in the parent undertaking's consolidated accounts.

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £802,361 (2020 - £971,486).

Snows Motor Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

22. Commitments under operating leases

At 31 December 2021 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	-	25,550

23. Related party transactions

The company is a wholly owned subsidiary of Snows Business Holdings Limited and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with Snows Business Holdings Limited or other wholly owned subsidiaries within the group.

24. Controlling party

The company is a subsidiary of Snows Business Holdings Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Snows Business Holdings Limited, incorporated in England and Wales.

Copies of the consolidated financial statement statements of Snows Business Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.