

**Company number: 09670387**

## **SG International Holdings Limited**

**Annual Report and Financial Statements  
for the year ended 30 June 2020**

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# **SG International Holdings Limited**

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# **SG International Holdings Limited**

## **Directors and Key Advisors**

### **Directors**

C A Brown  
A G Chambers  
P W Mountford  
P M Wood

### **Secretary**

Higgs Secretarial Limited

### **Registration No.**

09670387

### **Registered Office**

Allen Ford  
Tachbrook Park Drive  
Warwick  
United Kingdom  
CV34 6SY

### **Independent Auditors**

PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham  
B3 3AX

# **SG International Holdings Limited**

## **Strategic report For the year ended 30 June 2020**

The directors present their Strategic Report for the year ended 30 June 2020 for SG International Holdings Limited ("the Company") and its subsidiaries ("the Group").

### **Principal activities**

The principal activity in which the Company is engaged is the holding of investments. Its subsidiaries are involved in the provision of time-critical delivery services across Europe (Supply Chain Europe) and suppliers of cars and vans and aftersales care to private motorists and businesses (Dealerships UK).

### **Review of the business**

#### ***Supply Chain Europe***

##### ***Activities***

inTime Holding GmbH (inTime) is a logistics company headquartered in Germany. inTime has 13 (2019: 19) operating branches across Germany, Sweden, Hungary, Romania, the Czech Republic, Poland and the UK. It operates in the niche logistics sector of time-critical delivery services across 45 countries in Europe. Customers are in the automotive, electronics, hazardous goods, life sciences, temperature-controlled engineering industries. The business owns proprietary dispatching software that optimises transport capacity utilisation. The Group has a 75% equity interest in inTime. inTime has an 88% interest in Ader, a Spanish courier and express transport operator. Ader has 18 (2019: 18) offices throughout Spain. Ader specialises in the provision of dedicated and exclusive transport and logistics solutions. inTime acquired an 80% interest in TLT, effective 5 July 2019. TLT is a Fifth Party Logistics provider focusing on organisational consulting and support, material flow planning, logistics, production, development and engineering services.

##### ***Results for 2020***

#### ***Supply Chain Europe***

inTime's results continued to be negatively impacted by severe declines in Germany's new vehicle production volumes, which were down 23.0%, resulting in the company's transport activities dropping by 25.4% and kilometers travelled declining by 27.1% during the financial year. The German automotive manufacturing volumes were already at a 23-year low before the outbreak of Covid-19, with the pandemic further exacerbating the already weak performance. In addition, Covid-19 has resulted in the automotive Original Equipment Manufacturer's ("OEM") closing their plants for up to two months, which affected inTime directly. As a result, revenue in Euro-terms declined by 7.7% and operating profit by 288.6%.

inTime closed three satellite branches, two trans-shipment points and one office in Budapest during the year under review, which resulted in once-off closure costs of £0.5 million. The impairment test of goodwill and intangible assets resulted in an impairment of £28.8 million during the second half of the year.

Revenue and profit before tax have reduced versus the prior year with COVID-19 being the primary impact.

Ader and TLT delivered a commendable set of results, however, the various lockdown regulations in the countries where Supply Chain Europe operates, have negatively impacted their delivery volumes.

# **SG International Holdings Limited**

## **Strategic report For the year ended 30 June 2020 (continued)**

### ***Dealerships UK***

#### ***Activities***

Allen Motor Group comprises 28 franchised motor dealerships in key franchise and retail areas in England. It operates the second largest independently-owned Ford franchise network in the UK, with 23 (June 2019: 24) franchised Ford motor dealerships, four (June 2019: four) franchised Kia dealerships, with a fifth due to open in early 2021, and one Mazda Dealership.

This includes Ford dealerships in Coventry, Rugby, Nuneaton and Warwick and a Kia dealership in Solihull in the Midlands. In Northampton County, Allen Motor Group has four Ford dealerships in Northampton, Daventry, Kettering and Bedford Road, with the latter being a commercial vehicle dealer. In Essex County, Allen Motor Group has seven Ford dealerships, two Kia dealerships with a third opening early 2021 together with one Mazda dealership. One of the Ford dealerships, situated in Basildon, is regarded as the largest flagship Ford Store in the UK and is immediately adjacent to the Ford UK Technical Centre where we also operate a pop-up store to serve the significant Ford employee market.

In the Swindon County, Allen Motor Group has a Ford dealership in Swindon and both a Ford and Kia dealership in Bath. The final county of representation is Kent, where Allen Motor Group operates dealerships in Crayford, Gravesend and Sittingbourne.

As one of the UK's leading Ford dealership groups, Allen Motor Group has substantial leverage, enabling it to stock large volumes of new and used passenger and light commercial vehicles (vans), which in turn gives the Group a competitive advantage in the high-volume new vehicle market. The Group is also a Motability Premier Partner, which is the leading car scheme in the UK for disabled people, enabling them to use their UK Government-funded mobility allowance to lease a new car. Moreover, it is one of the UK's largest Privilege dealers, selling a high volume of cars at preferential prices to Ford, Jaguar, Land Rover and Aston Martin employees and their families.

#### ***Results for 2020***

With the outbreak of Covid-19, dealerships across the UK were closed for a period of 63 days with all OEMs closing their plants for two months. A number of franchise and industry issues existed prior to the Covid-19 lockdown, which also negatively impacted on the results. Dealerships UK reported a decline in revenue, in Pound Sterling-terms, of 25.9%, as a result of a 31% decline in new vehicle sales, a 16% decline in used vehicles sales and the impact of the lockdown on the Aftersales business.

Subdued confidence levels around Brexit, and the industry as a whole, negatively affected privilege sales volumes and market shares. This had a severe impact on the overall UK retail vehicle market, which reported a decline of 28% in volumes over the prior year. Dealerships UK's share of Ford retail sales declined marginally to 8.35% (June 2020) from 8.91% (June 2019), while Kia increased its retail sales share from 1.73% (June 2019) to 1.97% (June 2020). The Parts and Services business was performing satisfactorily to the end of February 2020 but was severely impacted as a result of the reduced operating days caused by the lockdown. Operating profit in Pound Sterling-terms declined by 82.7%.

Revenue and profit before tax have reduced versus the prior year with COVID-19 being the primary impact. During the period of the lockdown the division utilised the Coronavirus Job Retention Scheme (CJRS) for staff who were Furloughed, which at the peak of the lockdown was 90% of the workforce. The division has also benefited from the Rates holiday given to retail businesses. No other government support has been required or utilised.

IFRS 16 increased operating profit by £0.7 million and decreased profit before tax by £0.2 million.

# SG International Holdings Limited

## Strategic report (continued) For the year ended 30 June 2020 (continued)

Despite the tough trading conditions, the business achieved Ford's top level of bonus target achievement in each quarter.

### ***Supply Chain Europe - Risks and Opportunities***

The risks identified are as follows:

Material risk	Management of these risks
<ul style="list-style-type: none"><li>• Economic impact of Covid-19</li><li>• Competitive trading environment</li><li>• Shortage of subcontractor drivers</li><li>• Potential impact of USA and China trade war on automotive industry</li></ul>	<ul style="list-style-type: none"><li>• Streamlining operations by closing loss-making distribution centers.</li><li>• Securing new contracts</li><li>• Initiatives to recruit more subcontractor drivers from Eastern Europe</li><li>• Finding other countries to supply parts-being less reliant on China.</li></ul>

The opportunities identified by Supply Chain Europe are as follows:

- Continue to explore new business opportunities in the logistics sector through acquisitions.
- Expand its time-critical delivery and courier service businesses into other regions, in particular the Southern and Eastern European environments.

### ***Dealerships UK - Risks and Opportunities***

The risks identified are as follows:

Material risk	Management of these risks
<b>Covid-19:</b> The ongoing effects of the Covid-19 pandemic	<ul style="list-style-type: none"><li>• Review of all dealerships with regards to leases, personnel and overall expense base.</li><li>• Exploring multi-franchising opportunities and reviewing the existing dealership footprint.</li><li>• New website with full online end-to-end transaction capabilities will be launched early in the financial year to take advantage of changing consumer behaviour post-Covid.</li></ul>
<b>Brexit:</b> The long-term effect of Brexit on the UK economy when trade agreements are renegotiated.	<ul style="list-style-type: none"><li>• Ford vehicles are imported from Europe into the UK. Allen Ford remains in constant discussions with the OEM to ensure the business is able to quickly adapt to the outcome of the trade deal negotiations.</li><li>• The business has sufficient storage facilities to ensure adequate new vehicle stock levels for a potential short-term disruption period.</li></ul>

# SG International Holdings Limited

## Strategic report (continued) For the year ended 30 June 2020 (continued)

### Dealerships UK - Risks and Opportunities (continued)

The risks identified are as follows:

Material risk	Management of these risks
<b>Key management:</b> The loss of any senior executives will potentially create management and leadership challenges in this highly competitive market.	<ul style="list-style-type: none"><li>• The management and reporting structures of the business are regularly reviewed and adapted to accommodate this where necessary.</li><li>• Key talent with potential has been identified and development plans are in place to prepare them should any senior vacancy arise.</li></ul>
<b>Property Dilapidations:</b> The onerous nature of UK leases with regard to the dilapidation process and cost at the end of a lease is an area of concern and of potential unbudgeted cost to the business.	<ul style="list-style-type: none"><li>• Undertake detailed initial assessment of lease properties on commencement.</li><li>• Ensure strict record keeping of alterations and maintenance.</li><li>• Appropriate provisions are held on the Balance Sheet to counter the likely risks.</li></ul>

The opportunities identified by Dealerships UK are as follows:

- New vehicle sales - Ford continues to be the market leader in the UK and Dealerships UK has a strong Ford presence with flagship dealerships in key locations. KIA is one of the most desirable franchises in the UK. Our relationships with KIA are strong and we have been granted an additional territory.
- Fleet and commercial - Demand for commercial vehicles continues to be robust and is likely to increase if an orderly Brexit is achieved. Our dealerships are geographically well positioned to take advantage of this segment and potential opportunity.
- Used vehicle sales - Online enquiries for used vehicles is ever increasing and our new website will enable the business to take advantage of this opportunity.
- Service and Parts – Customers keeping their vehicles for longer periods results in a greater opportunity for vehicles servicing, repairs and parts sales.
- Ownership of strategic properties – Availability of properties in the UK is limited and thus, relocation at the end of a lease is often challenging and costly. Significant cost and certainty of tenure advantages can be derived through the ownership of strategic properties.

# SG International Holdings Limited

## Strategic report (continued)

### For the year ended 30 June 2020 (continued)

- Outlook for 2021

#### **Supply Chain Europe**

Supply Chain Europe's inTime will continue to be impacted by the short supply of new vehicles. German automotive volumes are starting to recover, albeit at a slow rate. Supply Chain Europe's businesses are starting to see the benefits of the efforts to streamline the operations and should perform more strongly next year. Low economic growth is expected across the EU on the back of the devastating impact of Covid-19 and the trade conflict between the USA and China.

inTime will continue to focus on streamlining its operations, cost-containment initiatives and will only explore other opportunities in Europe if it makes commercial sense.

#### **Dealerships UK**

The UK dealership market is expected to remain under pressure as a result of the uncertainty pertaining to the outcome of Brexit, with negotiations coming to a halt at the onset of the Covid-19 pandemic. The change in government policies on diesel technology, as well as the full impact of the pandemic on the UK economy will further challenge the business in the year ahead. Both these issues are expected to have potential effects on the OEMs, supply of vehicles in certain segments.

Continued analysis of the UK dealership's footprint, together with ongoing reviews of overhead structures and the required staff resources, positions the Group well to recover from the Covid-19 fall-out and navigate any potential Brexit challenges.

The strong Ford and Kia presence of Dealerships UK remains key to the Group's resilience in the current market and to the delivery of our objectives. This, together with our online digital sales strategy, driven by a strong and stable management team, will positively position the Group to deal with the challenges of a rapidly evolving market in the year ahead.

#### **Key performance indicators (KPIs)**

The directors manage the Company's operations on a divisional basis which consists of Supply Chain Europe and Dealerships UK.

The performance of the Group is set out in the financial statements that accompany this report. In summary:

#### **Key performance indicators (KPIs)**

	2020 £000	2019 £000
Revenue	560,194	685,141
Gross profit	98,665	111,770
Operating (loss)/profit	(30,233)	17,080
(Loss)/profit before taxation	(41,485)	8,726



# **SG International Holdings Limited**

## **Strategic report (continued) For the year ended 30 June 2020 (continued)**

### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies House Act 2006**

The Directors are aware of their duty under section 172(1)(a) to (f) of the Companies House Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The interests of the group's employees;
- The need to foster the group's relationships with suppliers, customers and others;
- The impact of the group's operations on the community and the environment;
- The desirability of the group maintaining a reputation for high standards of business conduct.

The Board is responsible for the control and oversight of the Group's affairs, for setting strategic priorities, supporting stakeholder engagement including communication with the Group's ultimate parent company, Super Group Limited, which is registered in the Republic of South Africa.

### ***Employees***

Engagement with employees is critical to the success of the Group. The Group engages employees through the following media:

- Communication from Group CEO
- In-house publications
- One-on-one meetings
- Team meetings
- Safety and environment meetings
- Conferences
- Employee achievement and service awards
- Intranet
- Fraud hotline (be heard)
- Functions

The Directors believe that economically viable and self-sustaining employment equity is an essential and integral part of corporate governance within the business units. Management of the business units has initiated a variety of employment equity programs. Individual development, equality and performance-based advancement are the cornerstones of the Group's approach to bring and maintain a balanced and highly skilled workforce. The Group also promotes gender equality which incorporates acceptance of equal and inalienable rights of women and men. It involves working with both to ensure equitable behaviors are practiced at home and in the workplace. Genuine equality cannot be measured by parity in numbers, but rather by improving overall quality of life so that equality is achieved without sacrificing gains for males or females.

### ***Suppliers, Customers and others***

The group is committed to delivering an outstanding experience for all of its customers and other stakeholders and looks to enhance its reputation of excellence in all areas of interactions. Dealerships UK continues to build relationships with other firms in the industry, benefiting the stakeholders of the group, including customers and the Motability charity. Supply chain Europe prides itself on the concept of "Agile Logistics" in order to offer customers a high level of flexibility and security.

# **SG International Holdings Limited**

## **Strategic report (continued)**

### **For the year ended 30 June 2020 (continued)**

#### ***Suppliers, Customers and others (continued)***

Customers and clients are important stakeholders for the success of the Group. The Group has customers and clients who range from large corporations and Government departments to individual customers. The Group engages with these stakeholders on various levels, including the following:

- Regular one-on-one meetings at customer's site
- Customer service meetings
- Customer feedback surveys
- Processes to respond to complaints in line with the business units' Consumer Protection legislations
- Appropriate customer entertainment and functions

Suppliers are important stakeholders as they are the providers of services, equipment and facilities that are required by the Group to service its customers. Group engagement with these stakeholders vary and include elements of the following:

- Attendance at dealer conferences
- Attendance at product launches
- Regular one-on-one meetings with key suppliers
- Attendance at technical conferences held by suppliers where appropriate

#### ***Community and Environment***

The community is a key stakeholder seeing that both the Group and the employees are directly impacted by the communities in which the Group operates and employees live in. The Group's engagement with the communities includes contributions towards initiatives in respect of fundraising, donations and services within various communities.

Supply Chain Europe made a donation to a charitable society that supports the children of Chernobyl.

Dealerships UK participated in the following activities:

- Official Supplier to the Lord's Taverners Charity. The Lord's Taverners is the official charity for recreational cricket and the UK's leading youth cricket and disability sports charity. Its charitable objective is to 'give young people a sporting chance'.
- The Test Track 10K Charity Run for the benefit of St. Luke's Hospice was cancelled due to Covid-19.
- Exhibited at Frankie's Classic Car Fest for the benefit of St. Francis Hospice.
- The sponsorship of a hole-in-one prize at the Burstead Golf Day for the benefit of Epilepsy Society was cancelled due to Covid-19.
- Donated GBP1 000 to the Billericay Lions for the benefit of a number of charities including Hamelin House.
- Platinum Club sponsor for the Essex Cricket Graham Gooch Cricket Centre Refurbishment for the benefit of Youth Cricket, Disability Cricket and the Essex Cricket Foundation.
- Sponsorship of Appleton School Benfleet Business Workshop was cancelled due to Covid-19.
- Allen Ford helped to deliver free food for NHS staff during Covid-19 pandemic.

# SG International Holdings Limited

## Strategic report (continued) For the year ended 30 June 2020 (continued)

### *Community and Environment (continued)*

- Posters supporting NHS Carers & Key Workers during Covid-19 pandemic.
- Supported the Look Good Feel Better, The Thames Hospice, Windsor Lions Club and Tusk's having supplied a van to help run The Lions of Windsor & Maidenhead Charity Club's 2019 public art event.

Throughout the Group, the recycling of paper, plastic and glass is encouraged and the necessary recycling bins are placed in various locations.

The Dealerships Division places significant emphasis on the recycling of used oil and parts, as well as ensuring that the environment is not impacted by the run-off of polluted water.

The Group continues to roll out recycling initiatives to all of its locations and continues to encourage additional recycling initiatives.

### *The desirability of the Group maintaining a reputation for high standards of business conduct*

The Group is committed to high standards of honesty, integrity, behaviour and ethics in dealing with all stakeholders. All directors and employees of the Group are encouraged to subscribe to the ultimate holding company's Code of Ethics and Business Conduct, which requires them to maintain high personal ethical standards and to act in good faith and in the best interests of the Group. The Code also addresses conflicts of interest, particularly relating to directors and management. This ensures that the Group's business practices are conducted in an equitable manner. Employees are surveyed annually to ensure they are both aware of and understand the Group's Code of Ethics and Business Conduct.

### **Statement on compliance with SECR**

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

#### **Current reporting year (Jul'19 – Jun'20)**

Total energy use covering electricity, gas and transport	17,294,763	kWh
Total emissions generated through combustion of gas	854.62	tCO <sub>2</sub> e
Total emissions generated through use of purchased electricity	1,518.80	tCO <sub>2</sub> e
Total emissions generated through use of other fuels	117.38	tCO <sub>2</sub> e
Total emissions generated through business travel	1726.21	tCO <sub>2</sub> e
Total gross emissions	4217.01	tCO <sub>2</sub> e
Intensity ratio (total gross emissions)	7.52	kgCO <sub>2</sub> e per sqft

# **SG International Holdings Limited**

## **Strategic report (continued) For the year ended 30 June 2020 (continued)**

### **Statement on compliance with SECR (continued)**

#### *Energy efficiency actions*

We are committed to responsible energy management and will practise energy efficiency throughout our organisation, wherever it's cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the policies below for the purpose of increasing the businesses energy efficiency in the relevant financial year.

- Initiated and commenced implementation of lighting LED replacement program.
- Encouraged and updated infrastructure for increased use of video conferencing.
- Encouraged reduction in company travel, working hand-in-hand with above.

The following energy efficiency measures are under consideration for implementation during 2020

- Continue LED lighting replacement program.
- Installation of electric car charging points across sites.
- Begin partial transfer of fleet vehicles to hybrid vehicles.

#### *Methodology used in the calculation of disclosures*

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency 28/10/2019) used in conjunction with Government GHG reporting conversion factors.

**On behalf of the Board**



**C A Brown**  
**Director**  
**1 April 2021**

# **SG International Holdings Limited**

## **Directors' Report For the year ended 30 June 2020**

The directors present their Annual Report and the audited financial statements of SG International Holdings Limited (the Company) and its subsidiaries (the Group) for the year ended 30 June 2020.

The Company is a private company limited by shares and is incorporated and domiciled in the UK.

### **Directors**

The directors who held office during the year and up to the date of signature of financial statements were as follows:

C A Brown  
A G Chambers  
P W Mountford  
P M Wood

### **Nature of business**

The Company operates as a holding company of a group of companies involved in providing time-critical delivery services across Europe and car dealerships in the UK.

### **Results and dividends**

The results of the Group including the Company and the state of its affairs are set out in the Strategic Report on pages 2 to 10.

The Company received an interim dividend of £Nil during the year (2019: £8,500,000). The directors do not recommend the payment of a dividend (2019: £nil).

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

The Company has provided an indemnity for the directors of the Company, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in force throughout the financial year and at the date of the approval of the financial statements.

### **Holding company**

The Company's holding company is Bluefin Investments Limited, which is registered in Mauritius and which owns 100% of the Company's ordinary shares. The Company's ultimate holding company is Super Group Limited, which is registered in the Republic of South Africa.

### **Financial risk management**

The Financial risk management of the Group is detailed in note 34 of the financial statements.

### **Future developments**

The directors are confident that the business is well positioned to take advantage of any expansion opportunities, either through organic growth or by way of acquisition.

### **Employee involvement**

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

# **SG International Holdings Limited**

## **Directors' report For the year ended 30 June 2020 (continued)**

### **Disabled employees**

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, color, disability or marital status. The Company gives full and 'fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### **Political contributions**

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

### **Going concern**

As reflected in the Group's results, the Group's businesses, both Dealerships UK and Supply Chain Europe, have experienced an impact on volumes due to lockdown restrictions. Despite this, the Group maintained a healthy cash balance and net asset position. For the 2021 financial year, a steady recovery in financial performance on the back of easing Covid-19 restrictions and a recovery in economies in which the Group operates is expected.

The Group meets its working capital requirements, and services its funding arrangements, from cash flows generated from operations. After consideration of the forecasts and the range of support available, the directors have a reasonable expectation that the Group will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis

# **SG International Holdings Limited**

## **Directors' report**

### **For the year ended 30 June 2020 (continued)**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act and the Company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Disclosure of information to auditors**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent Auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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



**C A Brown**

**Director**

**1 April 2021**

# ***Independent auditors' report to the members of SG International Holdings Limited***

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

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### **Opinion**

In our opinion:

- SG International Holdings Limited's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 30 June 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

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

### **Independence**

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

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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.



# ***Independent auditors' report to the members of SG International Holdings Limited (continued)***

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

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

## ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

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

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### ***Auditors' responsibilities for the audit of the financial statements***

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

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

# ***Independent auditors' report to the members of SG International Holdings Limited (continued)***

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
1 April 2021

# SG International Holdings Limited

## Consolidated Statement of Comprehensive Income For the year ended 30 June 2020

	Notes	2020 £000	2019 £000
Revenue	5	560,194	685,141
Cost of sales		(461,529)	(573,371)
<b>Gross profit</b>		<b>98,665</b>	<b>111,770</b>
Administrative expenses		(95,138)	(107,501)
Other operating income	6	14,085	20,184
<b>Earnings before interest, tax, impairment, depreciation and amortisation EBITDA*</b>		<b>17,612</b>	<b>24,453</b>
Depreciation and amortisation		(17,961)	(7,373)
Impairments		(29,884)	-
<b>Operating (loss)/profit</b>		<b>(30,233)</b>	<b>17,080</b>
Finance income	11	674	29
Finance costs	12	(11,926)	(8,383)
<b>(Loss)/profit before income tax</b>		<b>(41,485)</b>	<b>8,726</b>
Tax on (loss)/profit	13	2,475	(35)
<b>(Loss)/profit for the financial year</b>		<b>(39,010)</b>	<b>8,691</b>

All results relate to continuing operations.

\*EBITDA refers to Earnings Before Interest, foreign exchange gains, Tax, Depreciation and Amortisation, impairment and exceptional costs.

# SG International Holdings Limited

## Consolidated Statement of Comprehensive Income For the year ended 30 June 2020 (continued)

	2020 £000	2019 £000
<b>Other comprehensive income:</b>		
<i>Items which will be reclassified to profit and loss</i>		
Foreign operation translation adjustment	253	225
<i>Items that may be subsequently reclassified to profit or loss</i>		
Deferred tax adjustment relating to prior years	-	539
Deferred tax effect on adoption of IFRS 16	(879)	
<b>Other comprehensive income for the financial year, net of tax</b>	<b>(626)</b>	<b>764</b>
<b>Total comprehensive (expense)/income for the financial year</b>	<b>(39,636)</b>	<b>9,455</b>
<b>(Loss)/profit for the year attributable to:</b>		
- Non-controlling interest	(9,484)	(601)
- Equity holders of SG International Holdings Limited	(29,526)	9,292
	<b>(39,010)</b>	<b>8,691</b>
<b>Total comprehensive (expense)/ income for the year attributable to:</b>		
- Non-controlling interest	(9,553)	(415)
- Equity holders of SG International Holdings Limited	(30,083)	9,870
	<b>(39,636)</b>	<b>9,455</b>

The notes on pages 27 to 90 are an integral part of these financial statements.

# SG International Holdings Limited

## Consolidated Statement of Financial Position As at 30 June 2020

	Notes	2020 £000	2019 £000
<b>Non-current assets</b>			
Intangible assets	14	26,799	29,964
Goodwill	15	119,218	138,701
Property, plant and equipment	16	59,903	60,428
Right of use assets	17	63,465	-
Deferred tax assets	18	1,856	350
Other non-current assets	20	11,167	161
		<b>282,408</b>	<b>229,604</b>
<b>Current assets</b>			
Inventories	21	144,897	147,883
Trade and other receivables	22	34,949	53,249
Tax receivable		1,202	-
Loans to fellow subsidiaries	23	5	4
Cash and cash equivalents	24	37,579	42,328
		<b>218,632</b>	<b>243,464</b>
<b>Total assets</b>		<b>501,040</b>	<b>473,068</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	30	36,097	36,097
Share premium		34,941	34,941
(Accumulated losses)/retained earnings		(6,412)	24,665
Other reserves		10,412	10,107
Non-controlling interest		7,291	16,194
<b>Total equity</b>		<b>82,329</b>	<b>122,004</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	25	20,639	10,189
Non-controlling interest put option	26	-	2,060
Loans from ultimate holding company and fellow subsidiaries	28	101,469	93,429
ROU Lease liabilities	17	69,504	-
Provisions	29	3,729	206
Deferred tax liabilities	18	6,637	7,651
		<b>201,978</b>	<b>113,535</b>

# SG International Holdings Limited

## Consolidated Statement of Financial Position As at 30 June 2020 (continued)

	Notes	2020 £000	2019 £000
<b>Current liabilities</b>			
Interest-bearing borrowings	25	5,006	10,101
Loans from fellow subsidiaries	28	-	15,068
Trade and other payables	27	200,874	207,993
Taxation payable		-	270
ROU Lease liabilities	17	9,501	-
Provisions	29	1,352	4,097
		<u>216,733</u>	<u>237,529</u>
<b>Total liabilities</b>		<b>418,711</b>	<b>351,064</b>
		<u>501,040</u>	<u>473,068</u>
<b>Total equity and liabilities</b>			

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



**C A Brown**

**Director**

**1 April 2021**

The notes on pages 27 to 90 are an integral part of these financial statements.

# SG International Holdings Limited

## Parent Company Statement of Financial Position As at 30 June 2020

Company registered number: 09670387

	Notes	2020 £000	2019 £000
<b>Non-current assets</b>			
Property plant and equipment	16	1,968	1,984
Investments in subsidiaries	19	37,325	73,422
		<u>39,293</u>	<u>75,406</u>
<b>Current assets</b>			
Trade and other receivables	22	12	57
Loans to fellow subsidiaries	23	464	7,665
Cash and cash equivalents	24	954	934
		<u>1,430</u>	<u>8,656</u>
<b>Total assets</b>		<u><u>40,723</u></u>	<u><u>84,062</u></u>
<b>Equity attributable to owners of the parent</b>			
Share capital	30	36,097	36,097
Share premium		34,941	34,941
Accumulated losses		(50,675)	(16,526)
<b>Total equity</b>		<u>20,363</u>	<u>54,512</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	25	4,520	7,446
Non-controlling interest put option	26	-	2,060
Loan from ultimate holding company	28	2,998	-
		<u>7,518</u>	<u>9,506</u>
<b>Current liabilities</b>			
Interest bearing borrowings	25	2,260	4,927
Trade and other payables	27	-	6
Provisions	29	62	43
Loans from fellow subsidiaries	28	10,520	15,068
		<u>12,842</u>	<u>20,044</u>
<b>Total liabilities</b>		<u>20,360</u>	<u>29,550</u>
<b>Total equity and liabilities</b>		<u><u>40,723</u></u>	<u><u>84,062</u></u>

# **SG International Holdings Limited**

## **Parent Company Statement of Financial Position As at 30 June 2020 (continued)**

**Company registered number: 09670387**

As permitted by S408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was £36,209,000 (2019: profit of £7,135,000). The current year loss includes an impairment of the investment of the Company in inTime Holding GmbH of £36,097,000.

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



**C A Brown**

**Director**

**1 April 2021**

The notes on pages 27 to 90 are an integral part of these financial statements.



# SG International Holdings Limited

## Consolidated Statement of Changes in Equity For the year ended 30 June 2020

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Subtotal £000	Non-controlling interest £000	Total equity £000
<b>At 1 July 2018</b>		<b>36,097</b>	<b>34,941</b>	<b>10,085</b>	<b>9,078</b>	<b>90,201</b>	<b>16,606</b>	<b>106,807</b>
<i>Comprehensive income/(expense):</i>								
Profit/(loss) for the financial year		-	-	-	9,292	9,292	(601)	8,691
Transfer between reserves		-	-	(17)	17	-	-	-
Foreign operation translation adjustment		-	-	39	-	39	186	225
Other comprehensive income		-	-	-	539	539	-	539
<b>Total comprehensive income/(expense) for the financial year</b>		<b>-</b>	<b>-</b>	<b>22</b>	<b>9,848</b>	<b>9,870</b>	<b>(415)</b>	<b>9,455</b>
<i>Transactions with owners:</i>								
Non-controlling interest in respect of subsidiaries acquired		-	-	-	-	-	3	3
Non-controlling interest put option movements	26	-	-	-	5,739	5,739	-	5,739
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,739</b>	<b>5,739</b>	<b>3</b>	<b>5,742</b>
<b>At 30 June 2019 (as originally presented)</b>		<b>36,097</b>	<b>34,941</b>	<b>10,107</b>	<b>24,665</b>	<b>105,810</b>	<b>16,194</b>	<b>122,004</b>
Effect of adoption of IFRS 16	2	-	-	-	(2,749)	(2,749)	(360)	(3,109)
<b>At 1 July 2019 (as restated)</b>		<b>36,097</b>	<b>34,941</b>	<b>10,107</b>	<b>21,916</b>	<b>103,061</b>	<b>15,834</b>	<b>118,895</b>

# SG International Holdings Limited

## Consolidated Statement of Changes in Equity For the year ended 30 June 2020 (continued)

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings /(Accum- ulated losses) £000	Subtotal £000	Non- controlling interest £000	Total equity £000
<b>At 1 July 2019 (as restated)</b>		<b>36,097</b>	<b>34,941</b>	<b>10,107</b>	<b>21,916</b>	<b>103,061</b>	<b>15,834</b>	<b>118,895</b>
<i>Comprehensive (expense)/income:</i>								
Loss for the financial year		-	-	-	(29,526)	(29,526)	(9,484)	(39,010)
Foreign exchange translation		-	-	322	-	322	(69)	253
Transfer between reserves		-	-	(17)	17	-	-	-
Deferred tax effect on adoption of IFRS 16		-	-	-	(879)	(879)	-	(879)
<b>Total comprehensive expense for the financial year</b>		<b>-</b>	<b>-</b>	<b>305</b>	<b>(30,388)</b>	<b>(30,083)</b>	<b>(9,553)</b>	<b>(39,636)</b>
<i>Transactions with owners:</i>								
Non-controlling interest in respect of subsidiaries acquired	37	-	-	-	-	-	1,010	1,010
Non-controlling interest put option movements	26	-	-	-	2,060	2,060	-	2,060
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,060</b>	<b>2,060</b>	<b>1,010</b>	<b>3,070</b>
<b>At 30 June 2020</b>		<b>36,097</b>	<b>34,941</b>	<b>10,412</b>	<b>(6,412)</b>	<b>75,038</b>	<b>7,291</b>	<b>82,329</b>

The notes on pages 27 to 90 are an integral part of these financial statements.

# SG International Holdings Limited

## Parent Company Statement of Changes in Equity For the year ended 30 June 2020

	Note	Share capital £000	Share premium £000	Accumulated losses £000	Total equity £000
<b>At 1 July 2018</b>		<b>36,097</b>	<b>34,941</b>	<b>(29,400)</b>	<b>41,638</b>
<i>Comprehensive income:</i>					
Profit for the financial year		-	-	7,135	7,135
Total comprehensive income for the financial year		-	-	7,135	7,135
<i>Transactions with owners:</i>					
Non-controlling interest put option movements	26	-	-	5,739	5,739
Total transactions with shareholders		-	-	5,739	5,739
<b>At 30 June 2019 (as originally presented)</b>		<b>36,097</b>	<b>34,941</b>	<b>(16,526)</b>	<b>54,512</b>
Effect of adoption of IFRS 16		-	-	-	-
<b>At 1 July 2019 (as restated)</b>		<b>36,097</b>	<b>34,941</b>	<b>(16,526)</b>	<b>54,512</b>
<i>Comprehensive expense:</i>					
Loss for the financial year		-	-	(36,209)	(36,209)
Total comprehensive expense for the financial year		-	-	(36,209)	(36,209)
<i>Transactions with owners:</i>					
Non-controlling interest put option movements	26	-	-	2,060	2,060
Total transactions with shareholders		-	-	2,060	2,060
<b>At 30 June 2020</b>		<b>36,097</b>	<b>34,941</b>	<b>(50,675)</b>	<b>20,363</b>

The notes on pages 27 to 90 are an integral part of these financial statements.

# SG International Holdings Limited

## Consolidated Statement of Cash Flows For the year ended 30 June 2020

	Note	2020 £000	2019 £000
<b>Cash flows from operations</b>			
Cash generated from operating activities	32	32,314	28,464
Income tax paid		(1,309)	(4,915)
<b>Net cash generated from operations</b>		<b>31,005</b>	<b>23,549</b>
<b>Cash flows from investing activities</b>			
Loans received		754	5
Finance income		674	29
Purchase of property, plant and equipment		(2,867)	(3,484)
Purchase of intangible assets		(682)	(597)
Proceeds on disposal of property, plant and equipment		1,717	203
Subsidiary acquired		(10,705)	-
<b>Net cash generated used in investing activities</b>		<b>(11,109)</b>	<b>(3,844)</b>
<b>Cash flows from financing activities</b>			
Interest bearing loan (repaid)/raised		(4,023)	(84,279)
Loans from fellow subsidiaries raised		(8,695)	64,129
ROU lease liabilities repaid		(9,323)	-
Finance costs		(2,603)	(8,400)
<b>Net cash used in financing activities</b>		<b>(24,644)</b>	<b>(28,550)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,748)</b>	<b>(8,845)</b>
Cash and cash equivalents at beginning of financial year		42,328	50,808
Effect of exchange rate fluctuations		(1)	365
<b>Cash and cash equivalents at end of financial year</b>		<b>37,579</b>	<b>42,328</b>

The notes on pages 27 to 90 are an integral part of these financial statements.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 1. General information

SG International Holdings Limited (the "Company") is a private limited company incorporated and domiciled in the UK. Its registered office and principal place of business is Allen Ford (UK) Limited, Tachbrook Park Drive, Warwick, CV34 6SY.

The principal activities of SG International Holdings Limited and its subsidiaries include vehicle dealerships and operations in the niche logistics sector of time-critical delivery services ("TDS"). Countries of operation include the UK, Germany, Sweden, Hungary, Romania, the Czech Republic, Poland and Spain.

### 2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the year presented, unless otherwise stated.

#### 2.1 Basis of Preparation

The Group's consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except in the case of some freehold land which is measured at fair value through profit and loss under the revaluation model, and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company's individual financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

#### *Basis of measurement*

The financial statements of the Group and Company have been prepared on the historical cost basis, except for:

- financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss; and
- financial assets and financial liabilities designated as hedging instruments measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

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

#### **Disclosure exemptions - Parent company individual financial statements**

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### Disclosure exemptions - Parent company individual financial statements(continued)

- The following paragraphs of IAS 1 'Presentation of financial statements':
  - 10(d) (Statement of Cash Flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-40D (prior year restatements)
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7 'Statement of Cash Flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors';
- Paragraph 17 and 18A of IAS 24 'Related party disclosures'.

#### 2.2 Going concern

The Directors are required to consider the appropriateness of the going concern basis when preparing the financial statements.

As reflected in the Group's results, the Group's businesses, both Dealerships UK and Supply Chain Europe, have experienced an impact on volumes due to lockdown restrictions. Despite this, the Group maintained a healthy cash balance and net asset position. For the 2021 financial year, a steady recovery in financial performance on the back of easing Covid-19 restrictions and a recovery in economies in which the Group operates is expected.

The Group meets its working capital requirements, and services its funding arrangements, from cash flows generated from operations. The Group has prepared cash flows forecasts with reference to available facilities, including consideration of plausible downside sensitivity. The Group has various funding arrangements in place. The Dealerships UK business has external banking facilities which were revised post year end with an extension of the term to 2024. The banking arrangement has covenant requirements which are forecast to be achieved. The Supply Chain Europe business has intercompany funding arrangements. The parent company cleared its external banking facilities post year end and has intercompany funding arrangements. The Group has received confirmation from its parent that it will support it as needed. Support is provided by Bluefin Investments Limited, the Group's immediate parent company, which has significant reserves including cash of £119.6m, net current assets of £23.9m and net assets of £346.4m.

After consideration of the forecasts and the range of support available, the directors have a reasonable expectation that the Group will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2.3 Changes in accounting policies and disclosures

#### New standards, amendments and interpretations effective in 2019

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2019 and have been applied by the Company and the Group in these financial statements. With the exception of IFRS 16 "Leases", none of these new and amended standards and interpretations had a significant effect on the Company or the Group because they are either not relevant to the Company's and the Group's activities or require accounting which is consistent with the Company's and the Group's current accounting policies.

IFRS 16 establishes a comprehensive framework for leases. IFRS 16 – Leases replaces IAS 17 – Leases, IFRIC 4 – determining whether an arrangement contains a lease, SIC –15 – operating leases – incentives and SIC – 27 – evaluating the substance of transactions involving the legal form of a lease.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application was recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information. The right-of-use asset and lease liability are disclosed separately on the Statement of Financial Position.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

On transition to IFRS 16, the Group recognised additional right of use assets and additional lease liabilities with the difference recognised in retained earnings. The following table summarises the impact of the transition to IFRS 16 on retained earnings and NCI at 1 July 2019.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.3 Changes in accounting policies and disclosures (continued)

##### New standards, amendments and interpretations effective in 2019 (continued)

	Impact of adopting IFRS 16 on 1 July 2019 £000
<b>Assets</b>	
Right of use assets	50,752
Deferred tax	598
Sundry receivables	236
Total assets	<u>51,586</u>
<b>Equity and liabilities</b>	
Capital and reserves	(2,749)
Non-controlling interest	(360)
Total equity	<u>(3,109)</u>
ROU Lease liabilities	<u>54,695</u>
Total equity and liabilities	<u>51,586</u>

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The incremental borrowing rate used varied per region and business unit and ranged from 2.5% to 6.5%.

	£000
<b>Measurement of lease liabilities</b>	
Operating lease commitments at 30 June 2019	75,020
Lease commitments discounted using incremental borrowing rate	<u>(20,325)</u>
Lease liabilities recognised at 1 July 2019	<u>54,695</u>

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early. None of these are expected to have a significant effect on the Company and the Group, in particular:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- IFRS 9, IAS 37 and IFRS 7: Interest rate benchmark reform
- Revised Conceptual Framework for Financial Reporting.



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2.4 Basis of consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested for impairment annually. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Both CHA 2005 Limited and Charles H Allen Limited, which are dormant entities, have been excluded from the consolidation by virtue of s394A of the Companies Act 2006. These entities are also exempt from filing individual financial statements with the registrar by virtue of s448A of the Companies Act 2006.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interest at the acquisition date is determined as the non-controlling shareholder's proportionate share of the fair value of the net assets of subsidiaries acquired. Goodwill is excluded when allocating the non-controlling shareholders proportionate share of the fair value of assets and liabilities acquired. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes these interests to have a deficit balance.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Transactions eliminated on consolidation*

Inter-company transactions, balances and unrealised gains and losses between Group entities are eliminated on consolidation.

#### *Goodwill*

Goodwill on acquisition is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The acquisition method of accounting is used to account for the acquisition of business.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.4 Basis of consolidation (continued)

The consideration transferred is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date irrespective of the extent of any non-controlling interest. Any excess of the consideration transferred over the fair value of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred is less than the fair value at acquisition date of the Group's share of the net assets of the subsidiary acquired (i.e. discount on acquisition), the difference is recognised directly in profit or loss.

At acquisition date fair values of the identifiable assets and liabilities are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows to present values using a market-related discount rate.

Goodwill arising on a business combination is allocated among the Group's CGUs that are expected to benefit from synergies as a result of the business combination. This allocation is based on management's assessment of the synergies gained and is not dependent on the location of the acquired assets.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated, are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

#### *Transaction costs*

Costs related to acquisitions, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

#### 2.5 Revenue

##### *Revenue from contract with customers*

Revenue is recognised net of indirect taxes, rebates and trade discounts and represents the fair value of amounts receivable in respect of the sale of products and services rendered. Where group companies act as agents and are remunerated on a commission or fee basis, only the commission and fee income, not the value of business handled, are recognised as revenue.

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and is based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.5 Revenue (continued)

##### *Revenue from contract with customers (continued)*

The Group provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations and additional disclosures in respect of revenue. The Group applies the five-step process to identify revenue, namely:

- identify the contract(s) with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to each of the performance obligations in the contract; and
- recognise the revenue when the entity satisfies the performance obligations.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as a contract liability.

Where two or more performance obligations exist for a contract, a relative stand-alone selling price is allocated to each obligation. Where the contract provides for an end to end solution, the contract is considered as an integrated set of obligations and accounted for as a single obligation.

Payments by customers are typically made within 30 - 60 days of revenue being recognised. Where payments are deferred for a period beyond 12 months after revenue being recognised, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

The main sources of revenue and how they are recognised is as follows:

#### **Revenue from Dealerships**

##### *Sale of vehicles and parts*

The Group sells passenger and commercial vehicles including parts to customers. Revenue is recognised at the point in time when the goods are delivered or accepted by the customer.

##### *Servicing of vehicles*

The Group enters into contracts to provide servicing on vehicles. Revenue is recognised at the point in time when the vehicle is ready for collection. Due to the nature of this business a typical service is completed the same day.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.5 Revenue (continued)

##### Revenue from Supply Chain Services

##### *Time critical delivery and courier services*

The Group performs time critical delivery and courier services in Europe. Due to the nature of the business the collection and delivery of the customer products are performed in a short period of time. Revenue is recognised at the point in time when offloading the goods.

#### 2.6 Operating profit

Operating profit comprises profit before net finance costs, income from investments and income tax expense.

#### 2.7 Net interest

Net interest is calculated as finance cost after deducting interest received.

#### 2.8 Property, plant and equipment

Property, plant and equipment, excluding land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Freehold properties are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. The most recent valuations occurred in 2018.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance expenditures are charged to profit or loss during the financial year in which they are incurred.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

The depreciable amount of the asset is recognised in profit or loss on a straight-line basis. The current estimated useful lives are as follows:

Buildings	20 to 50 years
Leasehold improvements	5 to 6 years
Rental and transport fleet	4 to 10 years
Furniture and fittings	6 years
Computer equipment	3 to 5 years
Plant and workshop equipment	4 to 7 years

Depreciation of an asset commences when it is available for use and is in the location and condition necessary for it to be capable of operating in the manner intended by management. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Fair value of land and buildings is determined by reference to market-based evidence. This is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at measurement date.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Gains or losses on the disposal of property, plant and equipment are credited or charged to the profit or loss and are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

### 2.9 Leases

#### Lease classification

Subsequent to 1 July 2019, at inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Prior to 1 July 2019, the lease classification was determined on a contract-by-contract basis taking into consideration the substance of the transaction and the specific details of each leasing contract. Extensions to and renewals of leases were treated as new leases for classification purposes. The key factor was whether substantially all of the risks and rewards incidental to ownership were transferred to the customer.

# **SG International Holdings Limited**

## **Notes to the Financial Statements For the year ended 30 June 2020 (continued)**

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

#### **2.9 Leases (continued)**

Various criteria were used to determine lease classification. There were three main decision criteria used. These were:

- Whether the lease term was for the major part of the economic life of the asset;
- Whether the present value of minimum lease payments amounted to at least substantially all of the fair value of the asset at the inception of the lease; and
- Whether the Group carried the residual value risk exposure of the asset.

The determination of whether an arrangement was, or contained, a lease was based on the substance of the arrangement at the inception date as to whether the fulfilment of the arrangement was dependent on the use of a specific asset or assets or the arrangement conveyed a right to use the asset.

#### **Group as lessee**

##### **Finance leases**

Leases where the Group assumes substantially all the benefits and risks of ownership incidental to ownership of the item are classified as finance leases.

Finance leases are capitalised as property, plant and equipment at the lower of fair value and the present value of the minimum lease payments at the inception of the lease with an equivalent amount being recognised as a finance lease borrowing.

The capitalised amount is depreciated over the asset's useful life. Where there is no reasonable certainty that ownership of the asset will be obtained at the end of the lease, the capitalised amount is depreciated over the shorter of the asset's useful life or the lease term.

Lease payments are allocated between capital repayments and borrowing costs using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the borrowing. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.9 Leases (continued)

##### Operating leases

As a lessee, the Group leases many assets including property, plant and equipment. Subsequent to 1 July 2019, under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component. Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Prior to 1 July 2019, leases of assets under which substantially all the risks and benefits of ownership were effectively retained by the lessor were classified as operating leases. Lease payments, net of any incentives received from the lessor under an operating lease, were recognised in profit or loss over the lease term on a straight-line basis and the leased assets were not recognised on the Group's statement of financial position.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.10 Intangible assets

##### *Internally generated*

No value is attributed to internally generated trademarks or similar rights and assets. Costs incurred on these items are charged to profit or loss in the year in which they are incurred.

##### *Acquired both separately and as part of a business combination*

Intangible assets acquired separately are measured initially at cost and those acquired through a business combination at acquisition date fair value. Cost includes the fair value of the consideration transferred to acquire the asset. Intangible assets are carried at cost (or fair value at acquisition) less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are amortised unless they have an indefinite useful life.

Amortisation is recognised in profit or loss on a straight-line basis over the current expected useful life of the intangible asset.

An intangible asset has an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Indefinite useful life intangible assets are tested for impairment annually.

The amortisation method and amortisation period for intangible assets with a finite useful life is reviewed annually at each financial year-end. The current estimated useful lives are as follows:

Software	3 to 7 years;
Trade name	Vary depending on trade name expected life;
Customer relations	Vary depending on assessment of relationship

Amortisation is charged to the depreciation and amortisation line item within the Statement of Comprehensive Income.

##### *Software*

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally developed software is capitalised if it meets the criteria for capitalising development expenditure and will probably generate economic benefits exceeding costs beyond one year. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in profit or loss.



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.11 Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in discounted provisions as a result of the passage of time is recognised as a finance cost in profit or loss.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. Where the contractual residual value for motor vehicles exceeds the anticipated proceeds from the contract at reporting date, an onerous contract provision for residual risk is recognised. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract.

#### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and transporting the inventory to its present location and condition. Cost of vehicle inventory is net of incentives received from manufacturers in respect of target achievements.

Cost is determined as follows:

- New, used and demonstration vehicles – Actual unit cost on a first-in first-out basis.
- Consumables and other inventory – Weighted average cost.
- Parts, accessories and automotive components – Actual unit cost on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion, selling expenses and provision for obsolete and damaged stock.

#### 2.13 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to a business combination, items recognised directly in equity or other comprehensive income.

##### *Current taxation*

The current tax charge is the expected tax payable on the taxable income for the year using tax rates enacted or subsequently enacted at the reporting date and any adjustments to tax payable in respect of prior years. In situations when there is doubt regarding the tax treatment of a transaction, a provision is recognised based on the best estimate of the amount of tax payable.

##### *Deferred taxation*

Deferred tax is recognised in respect of all temporary differences between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes. No deferred tax is provided on temporary differences relating to:

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.13 Income tax (continued)

##### *Deferred taxation (continued)*

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- temporary differences relating to interests in subsidiaries and equity-accounted investees to the extent it is probable these will not reverse in the foreseeable future.

The amount of deferred tax is determined using tax rates enacted or substantively enacted in the relevant jurisdictions at reporting dates that are expected to apply when the asset is realised or liability settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for all deductible temporary differences, including unused tax losses, to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the underlying assets and liabilities. Deferred tax liabilities have not been provided on undistributed earnings of foreign subsidiaries and associates where those earnings are not expected to be distributed.

The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

##### *Value added taxation (VAT)*

The net amount of VAT and Goods and Services Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

#### 2.14 Foreign currencies

##### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in GBP, rounded to the nearest thousand, which is the Company's functional and Company's and Group's presentation currency.

##### *Transactions and balances*

Transactions in foreign currencies are accounted for at rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.14 Foreign currencies (continued)

Unrealised translation differences on such monetary assets and liabilities are recognised in profit or loss in the year in which they occur.

##### *Foreign operations*

The results and financial position of all the Group entities that have a functional currency different from the Group presentation currency are translated into the presentation currency.

Assets and liabilities of foreign operations are translated at rates of exchange ruling at the reporting date. Income and expenditure of foreign operations are translated at the rate of exchange at the transaction date or the average rate of exchange for the reporting period. Gains or losses arising on the translation of foreign operations are recognised in other comprehensive income and presented as foreign currency translation reserves in equity. Where the operation is not a wholly owned subsidiary, the relevant proportionate share of the translation difference is allocated to non-controlling interests.

On consolidation, exchange differences arising from the translation of a monetary item that forms part of a reporting entity's net investment in foreign operations, including the borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and presented as a foreign currency translation reserve in equity.

When a foreign operation is sold or partly sold resulting in a loss of control, the share of the related cumulative gains and losses, including taxes, previously recognised in the foreign currency translation reserve is reclassified to profit or loss on disposal as part of the gain or loss on disposal.

When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative foreign currency translation reserve is reallocated to non-controlling interests.

#### 2.15 Impairment of assets

##### *Non-financial assets*

The Group's non-financial assets, other than inventories and deferred tax assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If any such indication exists then the asset's or cash-generating unit's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

A cash-generating unit is the smallest identifiable asset group that generates cash flows which are largely independent from other assets and groups.

Impairment losses are recognised in profit or loss.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.15 Impairment of assets (continued)

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or group of cash-generating units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. Corporate assets are allocated proportionately to the cash-generating unit that uses the asset when performing the impairment test.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 2.16 Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value.

##### *Financial assets*

All purchases and sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset.

The Group classifies its financial assets into the following categories:

- Measured at fair value through profit or loss; and
- Amortised costs.

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets on initial recognition.

The amount recognised on initial recognition in respect of financial assets not subsequently measured at fair value through profit or loss includes transaction costs associated with the financial asset (such as advisors' and agents' fees and commissions, duties and levies by regulatory agencies).

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.16 Financial instruments (continued)

##### *Financial assets measured at fair value through profit or loss*

Financial assets are classified as measured at fair value through profit or loss, if acquired principally for the purpose of selling in the short term, they form part of a portfolio with a pattern of short-term profit taking, or if so designated by management.

Derivatives are also categorised as financial assets at fair value through profit or loss unless they are designated as hedges.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

##### *Amortised cost*

Trade and other receivables classified as financial instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arose when the Group provided money, goods or services directly to a debtor with no intention of trading the receivable.

##### *Subsequent measurement*

After initial recognition, financial assets, which are classified as measured at fair value through profit or loss, are measured at fair value.

Gains or losses on financial assets measured at fair value through profit or loss are recognised in profit or loss.

Foreign exchange gains and losses, interest calculated in respect of interest-bearing financial assets on the effective interest method and dividends are recognised directly in profit or loss. For financial assets carried at amortised cost, gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

##### *Non-derivative financial liabilities*

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.16 Financial instruments (continued)

##### *Non-controlling interest put options*

Non-controlling interest put options are put options over non-controlling interests accounted for using the present access method. Written put options in respect of which the Group does not have an unconditional right to avoid the delivery of cash, are recognised as financial liabilities. Under this method, the non-controlling interest is not derecognised when the financial liability in respect of the put option is recognised, as the non-controlling interest still has present access to the economic benefits associated with the underlying ownership interest. Non-controlling interest put options are initially recognised at the present value of expected future cash flows and subsequently remeasured at the present value of expected future cash flows with any changes in value (accretion and interest) through equity.

##### *Offset*

Financial instruments are offset and the net amount reported in the Statement of Financial Position when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Derecognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to cash flows expire or there is a transfer of the rights to receive contractual cash flows in a transaction in which substantially all the risks and rewards are transferred. A financial liability is derecognised when it is legally extinguished.

##### *Impairment of financial assets*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are assessed for impairment using a forward-looking Expected Credit Losses (ECL) model. This requires judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. The impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.16 Financial instruments (continued)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. The Group has also chosen to apply this policy for trade receivables, trade finance debtors, agency debtors and contract assets with a significant financing component.

The estimated ECLs in respect of trade and sundry receivables were calculated based on actual credit loss experience over previous years. Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The cash and cash equivalents are held with banks and financial institution counterparties. The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of impairment losses for financial assets measured at amortised cost is recognised in profit or loss.

Financial assets are written off only when all reasonable attempts at recovery have been taken and failed. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. The recovery of previously written off financial assets is recognised in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, short-term money market instruments and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost. Foreign cash balances are translated using the exchange rate at the reporting date.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 2. Accounting policies (continued)

#### 2.18 Employee benefits

##### *Short-term employee benefits*

Remuneration paid to employees for services rendered is recognised in profit or loss as the services are provided.

An accrual is made for accumulated unpaid and unutilised leave.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under a short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### *Post-retirement benefits*

The Group operates a number of defined contribution plans under which it pays fixed contributions into separate retirement funds. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The fund assets are held in separate trustee administered funds.

The plans are generally funded by payments from employees and the relevant Group companies. Contributions to defined contribution plans are recognised in profit or loss in the year to which they relate.

#### 2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The difference between the issue price and the nominal value is recognised as an increase in share premium.

### 3. Acquisitions in the current year

inTime Service GMBH acquired 80% interest in TLT on 5 July 2019 for £10,267,000 in cash. This acquisition will form part of the Supply Chain Europe segment. Refer to note 37 for details of the acquisition.



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 4. Critical accounting estimates, judgements and key assumptions

The directors have considered the Group and Company's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

#### *Critical accounting policies*

The directors are satisfied that the critical accounting policies are appropriate to the Group and Company.

#### *Key sources of uncertainty and critical accounting judgements in applying the Group's accounting policies*

Estimates, judgements and assumptions 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 based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The Group makes estimates, judgements and assumptions concerning the future. Those that have a heightened risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Goodwill and indefinite useful life intangible assets valuation*

The recoverable amount of these assets is reviewed in terms of the accounting policies in note 2.

When assessing the recoverable amount, the following factors are taken into consideration:

- Projected cash flows;
- Terminal value;
- Discount rates; and
- Royalty rates.

The Group assesses whether an intangible purchased as part of a business combination has an indefinite useful life. The following considerations are taken into account:

- whether the Group intends to maintain the intangible;
- whether the Group has the ability to maintain the intangible;
- the level of future expenditure required to maintain the intangible; and
- the stability of the industry in which the intangible operates.

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable and their value can be reliably estimated.

In order to determine the fair value of the separately identifiable intangible assets on a business combination, management use their best knowledge to make estimates when utilising the Group's valuation methodologies. The valuation methodologies require input based on assumptions about the future and use discounted cash flows and free cash flow forecasts.

The Group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 4. Critical accounting estimates, judgements and key assumptions (continued)

#### *Inventories*

Impairment provisions or write downs to net realisable value are raised against inventory when it is considered that the amount realisable from such inventory's sale is less than its carrying amount. In determining whether a particular item of inventory could be considered to be overvalued, the following factors are taken into consideration:

- saleability;
- sub-standard quality and damage; and
- historical and forecast sales.

#### *Property, plant and equipment: Valuation and depreciation*

Management determines the estimated useful lives and related depreciation charges for the company's tangible fixed assets. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned. Management conducts an annual exercise to determine whether the carrying value of freehold property represents a material departure from its fair value, in which case a revaluation of the freehold property portfolio is performed. When conducting a revaluation, management utilises the work of an independent valuation expert.

The level of judgement has increased in the year as a result of the impact of COVID-19. Management have discussed with their independence valuation expert and considered activity in the market to inform their view. It is helpful that the properties are largely in accessible locations with potential for alternative uses which helps to maintain values in the market. There is a range of possible outcomes and management are comfortable with the judgement taken.

#### *Non-controlling interest put options*

The fair value of the put options over non-controlling interest in a subsidiary company is determined by using a discounted future cash flow analysis.

The Group uses its judgment to select a variety of methods and assumptions made are based on market and Group specific conditions existing at each reporting period.

#### *Deferred tax assets*

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in the future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 4. Critical accounting estimates, judgements and key assumptions (continued)

#### *Accounting for leases under IFRS 16*

A key judgement on adoption of IFRS 16 is determining the incremental borrowing rates to be applied as at 1 July 2019. Management considers all factors that incorporate the three key elements: risk-free rate, credit spread and an adjustment to asset class.

### 5. Revenue

	2020 £000	2019 £000
<b>Supply Chain Europe</b>		
Time critical delivery and courier services	143,250	154,751
Other	951	1,490
	<u>144,201</u>	<u>156,241</u>
<b>Dealerships</b>		
Sale of vehicle and parts	390,117	498,466
Servicing of vehicles	25,876	30,434
	<u>415,993</u>	<u>528,900</u>
<b>Total Revenue</b>	<u><u>560,194</u></u>	<u><u>685,141</u></u>

Revenue is recognised at a point in time.

Revenue split by geographical location:

	2020 £000	2019 £000
UK	415,993	528,900
Europe	144,201	156,241
<b>Total revenue</b>	<u><u>560,194</u></u>	<u><u>685,141</u></u>

### 6. Other operating income

	2020 £000	2019 £000
Commission received	9,921	18,234
Bad debt recovered	25	4
Realised foreign exchange gain	139	150
Other income	4,000	1,796
	<u><u>14,085</u></u>	<u><u>20,184</u></u>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 7. Operating profit

Operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of property, plant and equipment	2,508	2,249
Depreciation of right of use assets	9,696	-
Amortisation of intangible assets	5,757	5,124
Impairment of goodwill	28,853	-
Impairment of intangibles	1,535	-
Impairment reversal on intercompany loans	(505)	-
Foreign exchange losses	76	103
Loss on sale of property, plant and equipment	166	18

### 8. Auditors' remuneration

Fees payable to the Group's auditors for the audit of the Parent Company and the consolidated financial statements:

	2020	2019
	£000	£000
Audit fees for consolidated financial statements	44	61
Audit fees for financial statements of the Company's subsidiaries	194	235
Tax compliance services	13	30
Fees payable to the company's auditors in respect of all other services	32	-
	283	326

### 9. Employees

The average number of persons employed by the Group and Company (including directors) during the year, analysed by category, was as follows:

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Directors and Senior Management	45	43	1	-
Middle-management	152	151	-	-
Sales, administration and Logistics	1,838	1,998	-	-
	2,035	2,192	1	-

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 9. Employees (continued)

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Wages and salaries	50,107	54,329	123	-
Social security costs	8,198	3,724	-	-
Other pension costs	1,077	5,363	28	-
	<u>59,382</u>	<u>63,416</u>	<u>151</u>	<u>-</u>

The company has four directors in total, one of which is remunerated by the company with the remaining directors remunerated by other group companies.

### 10. Directors' remuneration

	Group and Company	
	2020	2019
	£000	£000
Directors' emoluments	123	192
Defined contribution pension schemes	28	27
	<u>151</u>	<u>219</u>

Number of directors accruing benefits under:

	2020	2019
	Number	Number
Defined contribution schemes	<u>1</u>	<u>1</u>

The highest paid director's emoluments were as follows:

	Group and Company	
	2020	2019
	£000	£000
Directors' emoluments	123	192
Defined contribution pension schemes	28	27
	<u>151</u>	<u>219</u>

The highest paid director did not exercise any share options and made no contributions in respect of money purchase schemes.

## SG International Holdings Limited

### Notes to the Financial Statements For the year ended 30 June 2020 (continued)

#### 11. Finance income

	2020	2019
	£000	£000
Bank accounts	66	25
Finance Lease and long-term receivables	590	-
Other	18	4
	<u>674</u>	<u>29</u>

#### 12. Finance costs

	2020	2019
	£000	£000
Borrowings	3,441	5,315
ROU lease liability	3,706	-
Group companies	4,737	2,948
Bank accounts	-	57
Other finance costs	42	63
	<u>11,926</u>	<u>8,383</u>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

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

	2020 £000	2019 £000
<b>Current tax</b>		
UK Corporation tax on profit for the year	125	2,333
Non-UK Corporation tax	(40)	1,216
Adjustments in respect of prior years	(254)	(355)
Total current tax	(169)	3,194
<b>Deferred tax</b>		
UK - Current year	8	41
Non-UK Current year	(2,301)	(1,297)
Adjustment in respect of prior years	-	(1,899)
Effect of changes in tax rates	(13)	(4)
Total deferred tax	(2,306)	(3,159)
<b>Tax on profit</b>	<b>(2,475)</b>	<b>35</b>
	<b>2020 £000</b>	<b>2019 £000</b>
<b>Factors affecting the tax credit for the year:</b>		
(Loss)/profit before taxation	(41,485)	8,726
(Loss)/profit before taxation multiplied by weighted average rate of tax of 19.00% (2019: 19.00%)	(7,882)	1,658
<i>Effects of:</i>		
Adjustment in respect of prior years		
- Adjustment in respect of prior years	(254)	(2,194)
- Expenses not deductible for tax purposes	9,970	480
- Tax rate changes	-	(4)
- Foreign tax	(4,499)	95
- Capital Gains Tax	190	-
<b>Tax charge</b>	<b>(2,475)</b>	<b>35</b>

#### *Factors that may affect future tax charges*

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the balance sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 14. Intangible assets

	Trade name £'000	Software £'000	Customer relationships £'000	Total £'000
<b>2020</b>				
<b>Cost</b>				
<b>Balance at the beginning of the year</b>	13,555	3,543	31,093	48,191
Additions	-	682	-	682
Reclassification from advanced payments	-	(238)	-	(238)
Acquisitions through business combinations	856	228	2,378	3,462
Net exchange differences	138	57	398	593
<b>Balance at the end of the year</b>	<b>14,549</b>	<b>4,272</b>	<b>33,869</b>	<b>52,690</b>
<b>Amortisation and impairment</b>				
<b>Balance at the beginning of the year</b>	-	(954)	(17,273)	(18,227)
Amortisation for the year	-	(595)	(5,162)	(5,757)
Impairments	(1,535)	-	-	(1,535)
Net exchange differences	-	(30)	(342)	(372)
<b>Balance at the end of the year</b>	<b>(1,535)</b>	<b>(1,579)</b>	<b>(22,777)</b>	<b>(25,891)</b>
<b>Carrying amount at end of the year</b>	<b>13,014</b>	<b>2,693</b>	<b>11,092</b>	<b>26,799</b>
<b>Analysis of balance at the end of the year</b>				
<b>2020</b>				
Purchased	13,014	2,693	11,092	26,799
Internally generated	-	-	-	-
	<b>13,014</b>	<b>2,693</b>	<b>11,092</b>	<b>26,799</b>
Intangible assets with indefinite useful life	13,014	-	-	13,014
Intangible assets with definite useful life	-	2,693	11,092	13,785
	<b>13,014</b>	<b>2,693</b>	<b>11,092</b>	<b>26,799</b>



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 14. Intangible assets (continued)

	Trade name £'000	Software £'000	Customer relationships £'000	Total £'000
<b>2019</b>				
<b>Cost</b>				
Balance at the beginning of the year	13,385	3,353	30,709	47,447
Additions	-	555	42	597
Disposals	-	(410)	-	(410)
Net exchange differences	170	45	342	557
<b>Balance at the end of the year</b>	<b>13,555</b>	<b>3,543</b>	<b>31,093</b>	<b>48,191</b>
<b>Amortisation and impairment</b>				
Balance at the beginning of the year	-	(825)	(12,402)	(13,227)
Amortisation for the year	-	(467)	(4,657)	(5,124)
Disposals	-	350	-	350
Net exchange differences	-	(12)	(214)	(226)
<b>Balance at the end of the year</b>	<b>-</b>	<b>(954)</b>	<b>(17,273)</b>	<b>(18,227)</b>
<b>Carrying amount at end of the year</b>	<b>13,555</b>	<b>2,589</b>	<b>13,820</b>	<b>29,964</b>
<b>Analysis of balance at the end of the year</b>				
<b>2019</b>				
Purchased	13,555	2,589	13,820	29,964
Internally generated	-	-	-	-
	<b>13,555</b>	<b>2,589</b>	<b>13,820</b>	<b>29,964</b>
Intangible assets with indefinite useful life	13,555	-	-	13,555
Intangible assets with definite useful life	-	2,589	13,820	16,409
	<b>13,555</b>	<b>2,589</b>	<b>13,820</b>	<b>29,964</b>

The indefinite useful life intangible pertains to inTime and Ader trade names which have been used in the European marketplace for over 20 years and will continue to be used indefinitely. The trade names were tested for impairment at year end as an "umbrella" trade name and used the Relief from Royalty valuation method by applying 100% of net sales and an applied royalty rate of 0.6% and 2.2% of revenues for inTime and Ader respectively.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 14. Intangible assets (continued)

The impairment loss for inTime is due to reduced trading which was significantly impacted by the on-going problems in the automotive sector in Germany and Europe such as the Worldwide Harmonised Light Vehicle Test Procedure.

The key assumptions used in assessing the impairment for the year are as follows:

Growth rate	1.0%
Discount rate	8.0%
Projection period	<u>5 years</u>

The key assumptions that differ from past experience include an increase in the inTime revenue in 2021 of 18%, which has been used due to the improvement of the problems in the automotive sector in Germany and Europe, and the forecast has also been adjusted for the impact of COVID-19 on the 2020 results.

### 15. Goodwill

<b>Group</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>

#### Cost and net book value

<b>Balance at the beginning of the year</b>	<b>138,701</b>	<b>137,398</b>
Acquisitions of business	8,724	-
Impairment	(28,853)	-
Net exchange differences	646	1,303
<b>Balance at the end of the year</b>	<b>119,218</b>	<b>138,701</b>
 Goodwill per cash-generating unit		
Supply chain – Offshore	84,671	104,154
Dealerships UK	34,547	34,547
	<b>119,218</b>	<b>138,701</b>

Goodwill acquired through business combinations has been attributed to individual cash-generating units. The carrying amount of goodwill is subject to annual impairment tests using forecasts of future cash flows and the value-in-use method. These calculations use projected earnings based on historic operating results.

#### *Impairment testing for cash generating units containing goodwill*

Goodwill acquired through business combinations has been attributed to individual cash-generating units (CGU). The carrying amount of goodwill is subject to annual impairment tests using forecasts of future cash flows and the value-in-use method. Impairments of £28,853,000 were recognized in the current year.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 15. Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment test was based on a value-in-use approach. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the business and was based on the following key assumptions:

#### *Supply Chain – Europe*

- Cash flows were projected based on actual operating results, a five-year forecast of revenue growth between 3.3% and 18.2% and a terminal value growth rate between 0.0% and 1.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- Overheads were forecast based on current levels adjusted for once off expenditure.
- A pre-tax discount rate between 11.4% and 12.3% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the CGU.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.
- The Group, based on projected operating results, impaired Goodwill relating to inTime of GBP 28 853 000.

#### *Dealerships – Dealerships UK*

- Cash flows were projected based on actual operating results, a five-year forecast of revenue growth of 1.0% and a terminal value growth rate of 2.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- Overheads were forecast based on current levels adjusted for once off expenditure.
- A pre-tax discount rate of 7.9% and 8.4% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the CGU.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

The directors do not consider there to be a reasonably possible change in assumptions that would result in the carrying value exceeding the value-in-use.

#### *Sensitivity analysis on key assumptions:*

A sensitivity analysis was performed on the discount rate where it was increased to 10% and no impairment was required. The directors believe that the terminal value growth rate of 2.0% was conservative and hence did not require any adjustment in the sensitivity analysis.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of both cash-generating units to exceed its recoverable amount.

#### *Supply Chain – Europe*

The impairment charge GBP 28 853 000 arose in the inTime Holding GmbH division as a result of forecasted future cash flows being negatively impacted by the Covid-19 pandemic. These calculations used projected earnings based on historic operating results. As a result of the goodwill impairment, the investment of the Company in inTime Holding GmbH was written down to nil.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 15. Goodwill (continued)

#### *Dealerships – Dealerships UK*

The directors believe that the terminal value growth rate of 2.0% and five-year forecast of revenue growth of 1.0% were conservative and hence did not require any adjustment in the sensitivity analysis. The discount rate was increased to 10% and no impairment was required.

### 16. Property, plant and equipment

2020 Group Cost	Land, buildings and leasehold improve- ments £'000	Plant and workshop equipment £'000	Furniture and fittings £'000	Computer equipment £'000	Rental and transport fleet £'000	Total £'000
<b>Balance at the beginning of the year</b>	55,971	1,695	6,141	404	1,542	65,753
Additions	674	641	1,083	39	431	2,868
Disposals	(1,071)	-	(576)	(22)	(265)	(1,934)
Acquisition of business	17	155	34	-	3	209
Net exchange differences	20	37	20	5	23	105
<b>Balance at the end of the year</b>	<b>55,611</b>	<b>2,528</b>	<b>6,702</b>	<b>426</b>	<b>1,734</b>	<b>67,001</b>
<b>Depreciation and impairment</b>						
<b>Balance at the beginning of the year</b>	(1,419)	(658)	(2,687)	(82)	(479)	(5,325)
Current year depreciation	(748)	(212)	(1,144)	(153)	(251)	(2,508)
Disposal accumulated depreciation	26	-	534	8	203	771
Net exchange differences	(5)	(15)	(3)	(6)	(7)	(36)
<b>Balance at the end of the year</b>	<b>(2,146)</b>	<b>(885)</b>	<b>(3,300)</b>	<b>(233)</b>	<b>(534)</b>	<b>(7,098)</b>
<b>Carrying amount at the end of the year</b>	<b>53,465</b>	<b>1,643</b>	<b>3,402</b>	<b>193</b>	<b>1,200</b>	<b>59,903</b>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 16. Property, plant and equipment (continued)

	Land, buildings and leasehold improvements £'000	Plant and workshop equipment £'000	Furniture and fittings £'000	Computer equipment £'000	Rental and transport fleet £'000	Total £'000
<b>2019 Group Cost</b>						
<b>Balance at the beginning of the year</b>	54,515	1,591	5,238	688	974	63,006
Additions	1,618	110	1,166	36	554	3,484
Disposals	(178)	–	(273)	(324)	(9)	(784)
Net exchange differences	16	(6)	10	4	23	47
<b>Balance at the end of the year</b>	<b>55,971</b>	<b>1,695</b>	<b>6,141</b>	<b>404</b>	<b>1,542</b>	<b>65,753</b>
<b>Depreciation and impairment</b>						
<b>Balance at the beginning of the year</b>	(780)	(470)	(1,922)	(236)	(253)	(3,661)
Current year depreciation	(639)	(197)	(1,023)	(166)	(224)	(2,249)
Disposal accumulated depreciation	–	–	260	321	4	585
Net exchange differences	–	9	(2)	(1)	(6)	–
<b>Balance at the end of the year</b>	<b>(1,419)</b>	<b>(658)</b>	<b>(2,687)</b>	<b>(82)</b>	<b>(479)</b>	<b>(5,325)</b>
<b>Carrying amount at the end of the year</b>	<b>54,552</b>	<b>1,037</b>	<b>3,454</b>	<b>322</b>	<b>1,063</b>	<b>60,428</b>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 17. Property, plant and equipment (continued)

An analysis of the eight freehold properties that are carried at fair value, to show the carrying amount that would have been recognised had the assets been carried under the cost model, is as follows:

	2020 £000	2019 £000
Historical cost equivalent	12,039	12,135
Amount of revaluation reserve	3,135	3,152
<b>Net book value</b>	<b>15,174</b>	<b>15,287</b>

These freehold properties were last revalued in 2018 by an independent valuer in accordance with RICS Appraisal and Valuation standards.

There was a transfer between the Revaluation reserve and Retained earnings in the year of £17,000 (2019: £17,000) for the difference between depreciation based on the revalued carrying amount and depreciation based on the historical cost of the revalued properties.

Company	Land, buildings and leasehold improvements £'000	Total £'000
<b>2020</b>		
<b>Cost</b>		
Balance at the beginning of the year	2,000	2,000
Movements	-	-
<b>Balance at the end of the year</b>	<b>2,000</b>	<b>2,000</b>
<b>Depreciation and impairment</b>		
Balance at the beginning of the year	(16)	(16)
Current year depreciation	(16)	(16)
<b>Balance at the end of the year</b>	<b>(32)</b>	<b>(32)</b>
<b>Carrying amount at the end of the year</b>	<b>1,968</b>	<b>1,968</b>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 16. Property, plant and equipment (continued)

<b>Company</b>	<b>Land, buildings and leasehold improvements £'000</b>	<b>Total £'000</b>
<b>2019</b>		
<b>Cost</b>		
Balance at the beginning of the year	29,098	29,098
Transfers- restructure	(27,098)	(27,098)
Balance at the end of the year	<u>2,000</u>	<u>2,000</u>
<b>Depreciation and impairment</b>		
Balance at the beginning of the year	-	-
Current year depreciation	(16)	(16)
Balance at the end of the year	<u>(16)</u>	<u>(16)</u>
Carrying amount at the end of the year	<u>1,984</u>	<u>1,984</u>

A restructure was performed during the prior year whereby properties worth £27,098,000 in the Company were transferred to Allen Ford (UK) Limited – one of the Group's trading entities.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 17. Leases

This note provides information for the leases where the Group is the lessee.

#### *Amounts recognised in the Balance Sheet*

#### **Right of use assets**

In the prior year, the Group only recognised lease asset and lease liabilities to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of group borrowings. As at 30 June 2019, there were no finance lease assets that were included in property, plant and equipment. Further details on adoption of IFRS 16 are in note 2.3.

The Company has recognised the following in respect on assets leases which entirely relate to Land, buildings and leasehold improvements:

	<b>Right of use assets £'000</b>
<b>Group</b>	
<b>2020</b>	
<b>Cost</b>	
<b>Balance at the beginning of the year</b>	-
Additions	51,295
Acquired through business combinations	20,833
Translation adjustment	1,229
<b>Balance at the end of the year</b>	<b>73,357</b>
<b>Depreciation and impairment</b>	
<b>Balance at the beginning of the year</b>	-
Current year depreciation	(9,696)
Translation adjustments	(196)
<b>Balance at the end of the year</b>	<b>(9,892)</b>
<b>Carrying amount at the end of the year</b>	<b>63,465</b>

Information for right of use assets is summarised below:

#### **Net book value**

	<b>Right of use assets £'000</b>
<b>Group</b>	
<b>2020</b>	
Land, buildings and leasehold improvements	60,472
Rental and transport fleet	2,942
Other	51
<b>Balance at the end of the year</b>	<b>63,465</b>



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 17. Leases (continued)

The Group leases land and buildings and rental and transport fleet for periods are between 1 years and 115 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants.

The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The total cash outflow relating to leases during the year was £9,323,000.

#### Lease liability

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

	Current	2020 Non-current	Total	Current	2019 Non-current	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Lease liability</b>	<b>9,501</b>	<b>69,504</b>	<b>79,005</b>	<b>-</b>	<b>-</b>	<b>-</b>

The contractual payments of the leases are outlined below:

#### Future lease payments

	2020 £000	2019 £000
Within one year	9,501	-
Between 1-5 years	11,644	-
Over 5 years	57,860	-
	<b>79,005</b>	<b>-</b>

#### Amounts recognised in the Statement of Comprehensive Income:

	2020 £000	2019 £000
Depreciation charge on right of use assets	9,696	-
Interest expense on leases (Included in finance costs)	<b>3,706</b>	<b>-</b>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 18. Deferred tax assets/(liabilities)

	2020 £000	2019 £000
<b>Balance at beginning of the year</b>	<b>(7,301)</b>	<b>(10,700)</b>
Adjustment relating to prior years	-	2,161
Acquisition of business	(593)	-
Credited to profit and loss during the year	2,293	1,317
Credited to equity during the year	879	-
Translation adjustment	(59)	(79)
<b>Balance at end of year</b>	<b>(4,781)</b>	<b>(7,301)</b>
<i>The deferred tax provision is made up as follows:</i>		
Accelerated capital allowances	(215)	(216)
Other timing differences	(4,566)	(7,085)
	<b>(4,781)</b>	<b>(7,301)</b>
<i>The deferred tax is split into:</i>		
Deferred tax assets	1,856	350
Deferred tax liabilities	(6,637)	(7,651)
	<b>(4,781)</b>	<b>(7,301)</b>

Deferred tax assets have been recognized only to the extent that the amount of unused tax losses relating to the Group's operations can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise tax losses carried forward.

It is not considered possible to estimate the amount of deferred tax assets or liabilities which are expected to be settled within 12 months of the year-end.

There are no unrecognized deferred tax assets in the Company or the Group.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 19. Investments in subsidiaries

	Company	
	2020	2019
	£000	£000
<b>Cost and net book value</b>		
Cost	73,422	113,261
Impairment of investments in EAG and SMC	-	(39,839)
Impairment of investments in Intime	(36,097)	-
<b>Balance at end of year</b>	<b>37,325</b>	<b>73,422</b>

In the current year, the investment of the Company in inTime Holding GmbH was written down as a result of Goodwill impairment of £28,853,000 pertaining to Supply Chain Europe accounted in the Consolidated Financial Statements.

Name	Principal place of business/ country of incorporation	Principal activity	Owner-ship interest %	Registered address
Allen Ford (UK) Limited	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Essex Auto Group Limited (EAG) *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Bestodeck Limited (SMC) *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Swale Motors Limited *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Slough Motor Company Limited *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
inTime Express Logistics UK Limited	UK	Logistic services	75	Bicester Road Industrial Estate Faraday Road Unit 10, GB- HP19 8RY Aylesbury
SG inTime Holding GmbH	Germany	Holding company	75	Am Kirchhorster See 1, 30916 Isernhagen Germany
inTime Service GmbH	Germany	Holding company	75	Am Kirchhorster See 1, 30916 Isernhagen Germany

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 19. Investments in subsidiaries (continued)

Name	Principal place of business/ country of incorporation	Principal activity	Owner-ship interest %	Registered address
inTime Express Logistik GmbH	Germany	Logistics services	75	Am Kirchhorster See 1, 30916 Isernhagen Germany
Direkt-Trans Kft.	Hungary	Logistics services	75	Tibormajori ut.9, 9027 Gyor Hungary
inTime Direct-Kuriere S.R.L.	Romania	Logistics services	75	Str. Barcelona 8, 550018 Sibiu, Romania
inTime Express Logistics Sp.z.o.o.	Poland	Logistics services	75	Jerczmanowska 17, 54-530 Wroclaw, Poland
inTime Express Logistics s.r.o.	Czech Republic	Logistics services	75	Valcha 139, 30100 Pilsen, Czech Republic
inTime Express AB	Sweden	Logistics services	75	Karbingatan 20, 25467 Helsingborg, Sweden
Servicios Empresariales Ader, S.A.	Spain	Logistics services	66	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Grupader S.A.	Spain	Logistics services	66	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Avant Rent S.A.	Spain	Logistics services	66	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
IN STOCK STORAGE S.L.	Spain	Logistics services	66	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Green City Messengers S.L.	Spain	Logistics services	66	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Trans -Logo-Tech (TLT) GmbH	Germany	Logistics services	60	Hans-Grüniger-Weg 11, 71706 Markgröningen, Germany

\* Entity is dormant

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 20. Other non-current assets

	2020 £000	2019 £000
Balance at beginning of the year	161	156
Sub-lease receivables	11,000	-
Interest capitalized during the year	6	5
Balance at end of year	<u>11,167</u>	<u>161</u>
<i>Split of capital and interest</i>		
Amount advanced	11,154	154
Interest capitalised	13	7
	<u>11,167</u>	<u>161</u>

The loans granted in 2018 of £154,000, are to second line management of InTIME for the acquisition of shares in Servicios Empresariales Ader. Interest rate is at 2% per annum and is capitalised. The loan has a fixed term of 8 years and is denominated in Euro.

### 21. Inventories

	2020 £000	2019 £000
New vehicles	110,093	108,253
Used vehicles	23,118	24,202
Demo vehicles	9,102	13,345
Parts and accessories	2,076	1,749
Work in progress	9	7
Other inventory	499	327
	<u>144,897</u>	<u>147,883</u>

Inventory recognised as an expense during the year totaled £392,677,000 (2019: £524,774,000).

During the year, the write-down of inventories to fair value less costs to sell was £Nil (2019: £Nil).

Included in inventory is a provision for obsolete stock of £3,678,567 (2019: £5,703,000).

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 21. Inventories (continued)

#### *Additional disclosures – Inventories*

Carrying value of inventory:				
	Carried at net realisable value	Held under interest-free floor plan obligations	Held under interest-bearing floor plan obligations	Total
2020	£'000	£'000	£'000	£'000
New vehicles	-	35,299	74,794	110,093
Used vehicles	23,118	-	-	23,118
Demo vehicles	9,102	-	-	9,102
Parts and accessories	2,076	-	-	2,076
Other inventory	508	-	-	508
	<b>34,804</b>	<b>35,299</b>	<b>74,794</b>	<b>144,897</b>

Carrying value of inventory:				
	Carried at net realisable value	Held under interest-free floor plan obligations	Held under interest-bearing floor plan obligations	Total
2019	£'000	£'000	£'000	£'000
New vehicles	-	98,077	10,176	108,253
Used vehicles	24,202	-	-	24,202
Demo vehicles	13,345	-	-	13,345
Parts and accessories	1,749	-	-	1,749
Other inventory	334	-	-	334
	<b>39,630</b>	<b>98,077</b>	<b>10,176</b>	<b>147,883</b>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 22. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade receivables	31,473	44,145	-	-
Sundry receivables	1,474	740	-	55
Prepayments	1,414	3,658	12	2
VAT	156	4,270	-	-
Deposits	416	424	-	-
Staff debtors	16	12	-	-
	<b>34,949</b>	<b>53,249</b>	<b>12</b>	<b>57</b>

Trade receivables are reported after a provision for doubtful debts of £348,000 (2019: £136,000).

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
<i>Currency analysis</i>				
Pound Sterling	9,562	20,218	12	57
Euro	25,387	33,031	-	-
	<b>34,949</b>	<b>53,249</b>	<b>12</b>	<b>57</b>

### 23. Loans to fellow subsidiaries

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Super Group (EU Investments) Limited	5	4	-	4
Allen Ford (UK) Limited	-	-	464	7,661
	<b>5</b>	<b>4</b>	<b>464</b>	<b>7,665</b>

The interest-free loan is receivable from Super Group (EU Investments) Limited, a fellow subsidiary of SG International Holdings Limited. The loan is unsecured and receivable on demand.

The interest-free loan in the Company is receivable from Allen Ford (UK) Limited, a fellow subsidiary of SG International Holdings Limited. The loan is unsecured and receivable on demand.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 24. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Cash and cash equivalents	37,579	42,328	954	934
	<u>37,579</u>	<u>42,328</u>	<u>954</u>	<u>934</u>
<i>Currency analysis</i>				
Pound Sterling	18,625	19,917	954	934
Euro	18,954	22,411	-	-
	<u>37,579</u>	<u>42,328</u>	<u>954</u>	<u>934</u>

### 25. Interest-bearing borrowings

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Secured property borrowings	17,053	7,917	-	-
Acquisition borrowings	6,772	12,373	6,780	12,373
Liquidity facility	1,820	-	-	-
	<u>25,645</u>	<u>20,290</u>	<u>6,780</u>	<u>12,373</u>
<i>Maturity analysis</i>				
Falling due within one year	5,006	10,101	4,520	4,927
Falling due after one year	20,639	10,189	2,260	7,446
	<u>25,645</u>	<u>20,290</u>	<u>6,780</u>	<u>12,373</u>
<i>Currency analysis</i>				
Pound Sterling	23,825	20,290	6,780	12,373
Euro	1,820	-	-	-
	<u>25,645</u>	<u>20,290</u>	<u>6,780</u>	<u>12,373</u>

#### **Secured property borrowings**

Property borrowing bearing interest at three-month LIBOR plus 175 basis points (2019: three-month LIBOR plus 175 basis points) is secured by land, buildings and property with a carrying value of £ 40,844,000 (2019 - £23,102,000) and are repayable in quarterly payments with the final bullet payment due in December 2021.

#### **Acquisition borrowings**

The credit facility bears interest at three-month LIBOR plus 300 basis points (2019: three-month LIBOR plus 300 basis points) and is repayable quarterly with the final bullet payment due in June 2023. The facility is secured by shares in Allen Ford UK and shareholder guarantees.

#### **Liquidity facility**

The unsecured Coronavirus liquidity facility bears interest at 1.25% and is guaranteed up to 70% by the Spanish government. The facility has a 12-month payment holiday until May 2021 and is payable in full in May 2023.



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 26. Non controlling interest put option

The Group entered into business combinations which included clauses whereby the non-controlling interest equity holders are able to put 100% of their shareholding to the Group for a limited time period at the expiry date of the respective options.

The put option available to the non-controlling interest is exercisable from 30 June 2020 to 30 June 2025. The value of the put option is based on an estimation of the enterprise value at the initial exercise date. The agreement indicates that the enterprise value is calculated by applying a price earnings multiple of 7.5 to the average of the preceding 3 years audited EBITDA of inTime and adjusting the result by adding cash and deducting the debt on the specific date.

In arriving at the option value at 30 June 2020, an average EBITDA of €8,111,000 (2019: €11,895,000) and a pre-tax discount rate of 6.5% (2019: 7.7%) was used. This is a level 3 fair value valuation.

The discount rate used is adjusted to reflect the most affordable funding available to the Group at the reporting date.

The following table shows a reconciliation from the opening to closing balances of level 3 financial instruments carried at fair value:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
<b>Financial liabilities – Put option liabilities</b>				
Balance at the beginning of the year	2,060	7,799	2,060	7,799
<i>Movement of NCI liability in Statement of Changes in Equity:</i>				
– Fair value adjustment	(2,060)	(5,739)	(2,060)	(5,739)
Balance at the end of the year	-	2,060	-	2,060

#### Sensitivity analysis

The significant assumption included in the fair value measurement of the put option liabilities relates to the projected earnings that is not observable in the market. The following table shows how the fair value of the liabilities would change if the earnings assumption was increased by 100bps:

	Fair value £'000	Increase in liability £'000
inTime	-	-

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 27. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade payables	20,842	25,445	-	-
Floorplan payables	146,405	151,508	-	-
Trade payables – vehicles	4,916	5,146	-	-
Accruals	22,556	21,211	-	6
Sundry payables	3,775	4,448	-	-
Other tax and social security	843	-	-	-
Deferred income	1,537	235	-	-
	<b>200,874</b>	<b>207,993</b>	<b>-</b>	<b>6</b>

Floorplan payables include £111,105,000 (2019: £53,431,000) interest bearing floorplan and £35,299,000 (2019: £98,077,000) interest free floorplan.

There were no intercompany trade and other payables transactions during the year under review.

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
<i>Currency analysis</i>				
Pound Sterling	173,164	178,860	-	6
Euro	27,710	29,133	-	-
	<b>200,874</b>	<b>207,993</b>	<b>-</b>	<b>6</b>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 28. Loans from ultimate parent undertaking and fellow subsidiaries

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
<b>Non-current</b>				
Super Group (EU Investments) Limited	55,866	46,644	-	-
Super Group Limited - Loan 1	42,605	46,785	-	-
Super Group Limited - Loan 2	2,998	-	2,998	-
	<u>101,469</u>	<u>93,429</u>	<u>2,998</u>	<u>-</u>
<b>Current</b>				
Bluefin Investments Limited interest bearing	-	121	-	121
Bluefin Investments Limited-non-interest bearing	-	369	-	369
Super Group Limited - Loan 2	-	14,578	-	14,578
Allen Ford (UK) Limited	-	-	10,520	-
	<u>-</u>	<u>15,068</u>	<u>10,520</u>	<u>15,068</u>
<b>Split of capital and interest</b>				
Amount advanced	96,735	105,549	13,241	14,916
Interest accrued until 30 June	4,734	2,948	277	152
	<u>101,469</u>	<u>108,497</u>	<u>13,518</u>	<u>15,068</u>

The balance owing to Super Group (EU Investments) Limited is unsecured and has a fixed term of eight years. The Loans are denominated in Euro with interest rates of 6.6% and 6.4% and 3.0% on the balances of £43.3m and £7.0m and £5.5m respectively.

The interest-bearing loan 1 from Super Group Limited is unsecured and bears interest at Euribor 3 months + 3 %. The loan has a fixed term of 5 years.

The interest-bearing loan from Bluefin Investments Limited is unsecured, bears interest at USD Libor 3 months + 3% and has no fixed repayment terms. The non-interest-bearing loan from Bluefin Investments Limited is unsecured, interest free and has no fixed repayment terms.

The interest-bearing loan 2 from Super Group Limited is unsecured, bears interest at GBP Libor 3 months + 1.5%. An amount of £11.5m was repaid in 2020 as part of a cross-currency arrangement. The remaining balance is repayable on 27 June 2022.

The balance owing by the Company to Allen Ford (UK) Limited is unsecured, interest free and has no fixed repayment terms.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 29. Provisions

	Employee- related provisions £'000	Other provisions £'000	Total £'000
<b>Group</b>			
<b>2020</b>			
<b>Movement summary</b>			
Balance at the beginning of the year	206	4,097	4,303
Increase in provisions	1,046	4,246	5,292
Provisions reversed	-	(51)	(51)
Payments against provision	(583)	(4,239)	(4,822)
Acquisition of business	56	276	332
Translation adjustment	18	9	27
Balance at the end of the year	<u>743</u>	<u>4,338</u>	<u>5,081</u>
Short-term	511	841	1,352
Long-term	232	3,497	3,729
Balance at the end of the year	<u>743</u>	<u>4,338</u>	<u>5,081</u>

	Employee- related provisions £'000	Other provisions £'000	Total £'000
<b>Group</b>			
<b>2019</b>			
<b>Movement summary</b>			
Balance at the beginning of the year	994	3,873	4,867
Increase in provisions	24	899	923
Provisions reversed	(25)	(72)	(97)
Payments against provision	(788)	(612)	(1,400)
Translation adjustment	1	9	10
Balance at the end of the year	<u>206</u>	<u>4,097</u>	<u>4,303</u>
Short-term	-	4,097	4,097
Long-term	206	-	206
Balance at the end of the year	<u>206</u>	<u>4,097</u>	<u>4,303</u>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 29. Provisions (continued)

	Other provisions £'000	Total £'000
<b>Company</b>		
<b>2020</b>		
<b>Movement summary</b>		
Balance at the beginning of the year	43	43
Increase in provisions	82	82
Payments against provision	(63)	(63)
Balance at the end of the year	<u>62</u>	<u>62</u>
Short-term	62	62
Long-term	-	-
Balance at the end of the year	<u>62</u>	<u>62</u>
	Other provisions £'000	Total £'000
<b>Company</b>		
<b>2019</b>		
<b>Movement summary</b>		
Balance at the beginning of the year	16	16
Increase in provisions	62	62
Payments against provision	(35)	(35)
Balance at the end of the year	<u>43</u>	<u>43</u>
Short-term	43	43
Long-term	-	-
Balance at the end of the year	<u>43</u>	<u>43</u>

Employee-related liabilities relate to pension provisions. The pension provision is estimated based on the expected payment which will be made in respect of the services provided in the current financial year. Based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Included under other provisions is a dilapidation provision, which has been recognized in relation to future obligations for the maintenance of leasehold properties. The provision is management's best estimate of the obligation which forms part of the Company's unavoidable cost of meeting its obligations under its lease contracts. The provision is expected to be utilised as property leases expire which will be between 1 and 115 years.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 30. Capital and reserves

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
<i>Issued share capital</i>				
1 ordinary share subscribed for £1 on 3 July 2015	*	*	*	*
36 096 689 ordinary shares of £1 each allotted on 14 October 2015	36,097	36,097	36,097	36,097
1 ordinary share subscribed for £1 on 28 September 2016	*	*	*	*
1 ordinary share subscribed for £1 on 10 January 2017	*	*	*	*
1 ordinary share subscribed for £1 on 13 March 2017	*	*	*	*
1 ordinary share subscribed for £1 on 23 June 2017	*	*	*	*
	<b>36,097</b>	<b>36,097</b>	<b>36,097</b>	<b>36,097</b>

\* Less than GBP 1,000.

#### ***Rights and restrictions related to share capital***

All shares rank equally with regard to the Company's residual assets and all shares are authorized.

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
Share premium	Amounts subscribed for share capital in excess of the nominal value.
Capital redemption reserve	Amounts transferred following the redemption or purchase of a company's own shares.
Other reserves	Other reserves relates entirely to translation reserves. The translation reserve comprises all foreign exchange differences arising from the translation of entities reporting in currencies other than the presentation currency of the holding company.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 31. Non-controlling interests

	inTime £'000 2020	inTime £'000 2019
Non-current assets	161,605	135,747
Current assets	44,632	55,430
Non-current liabilities	(149,165)	(100,464)
Current liabilities	(35,910)	(29,251)
Net assets	<u>21,162</u>	<u>61,462</u>
Revenue	144,200	156,241
(Loss)/profit after tax	(38,892)	2,682
Other comprehensive income	-	-
Total comprehensive (expense)/income	<u>(38,892)</u>	<u>2,682</u>
Cash flows from operating activities	9,219	5,996
Cash flows from investing activities	4,464	(1,578)
Cash flows from financing activities	(16,284)	4,247
Net change in cash and cash equivalents	<u>(2,601)</u>	<u>8,665</u>
NCI percentage	25.00%	25.00%
Carrying amount of NCI	7,291	16,194
Loss allocated to NCI	(9,484)	(601)
OCI allocated to NCI <sup>1</sup>	69	6
Dividend paid to NCI	<u>-</u>	<u>-</u>

<sup>1</sup> The OCI allocated to the NCI of inTime of £2,282,000 (2019: £6,000) is due to the foreign currency translation reserve movement which arose due to the presentation currency of the Group being different.

The principal place of business of inTime is in the Eurozone and incorporation is in Germany.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 32. Cash generated from operations

	Group	
	2020	2019
	£000	£000
Reconciliation of (loss)/profit before tax to cash generated from operations:		
(Loss)/profit before tax	(41,485)	8,726
Depreciation and amortisation	17,961	7,373
Impairment	29,884	-
Interest paid	11,926	8,383
Interest received	(674)	(29)
Profit on disposal of property, plant and equipment	(555)	(5)
Unrealised foreign exchange losses	10	13
Bad debts	14	35
Other non-cash movements	(1,505)	21
Increase/(decrease) in provisions	395	(597)
Operating cash flow	15,971	23,920
Working capital changes	16,343	4,544
Decrease/increase in trade and other receivables	32,482	(729)
Decrease/increase in inventories	3,115	(10,931)
(Increase)/decrease in trade and other payables	(19,254)	16,204
Cash generated from operations	32,314	28,464



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 33. Net debt

	Group	
	2020	2019
	£000	£000
Cash and cash equivalents	37,579	42,328
Borrowings – repayable within one year	(5,006)	(10,101)
Borrowings – repayable after one year	(20,639)	(10,189)
<b>Net cash / (debt)</b>	<b>11,934</b>	<b>22,038</b>
Cash and cash equivalents	37,579	42,328
Gross debt – variable interest rates	(23,825)	(20,290)
Gross debt – fixed interest rates	(1,820)	-
<b>Net debt</b>	<b>11,934</b>	<b>22,038</b>

### 34. Financial risk management and financial instruments

The Group's principal financial instruments are set out below and stated at their carrying amounts.

	Group	
	2020	2019
	£000	£000
<b>Financial assets at amortised cost</b>		
Trade receivables net of allowance for credit losses	31,473	44,145
Other receivables (excluding prepayments, lease straight-line debtor, finance lease receivable, FEC assets and VAT)	432	436
Loans to fellow subsidiaries	5	4
Cash and cash equivalents	37,579	42,328
	<b>69,489</b>	<b>86,913</b>
<b>Financial liabilities at amortised cost</b>		
Loans from fellow subsidiaries	101,469	108,497
Secured property borrowings	17,053	7,917
Acquisition borrowings	6,772	12,373
Liquidity facility	1,820	-
Lease liability	79,005	-
Non-controlling interest put option	-	2,060
Trade and other payables	199,337	207,759
	<b>405,456</b>	<b>338,605</b>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 34. Financial risk management and financial instruments (continued)

#### **Introduction**

The Group's ultimate holding company has risk management and central treasury functions that manage the financial risks relating to the Group's operations. Together with divisional management, the risk management function takes responsibility for the identification, measurement and monitoring of risk. The central treasury provides services to the businesses, co-ordinates access to domestic and international foreign markets and manages the financial risks relating to the Group's operations. The Group's credit, liquidity, foreign currency and interest rate risks are continually monitored. In order to manage these risks, the Group's ultimate holding company has developed a risk management process to facilitate control and monitoring of these risks. The Risk Committee meets regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of risks. Senior management also meet on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury strategies against revised economic forecasts.

#### **Risk profile**

In the course of the Group's business operations it is exposed to credit, liquidity, and market risk which includes foreign currency and interest rate risk. The risk management policy of the Group relating to each of these risks is discussed under the respective headings. Where appropriate, derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes are generally expected to be offset by opposite effects on the items being hedged. The Group finances its operations through a mixture of retained profits, bank overdrafts, bank revolving credit borrowings and interest-bearing borrowings.

#### **Capital management**

The board's policy is to maintain healthy capital ratios so as to maintain investor, creditor and market confidence and to sustain future development of the business on a capital-efficient basis. The board monitors its capital structure determining the appropriate debt-to-equity ratio in light of changing economic conditions. The Group invests in growth opportunities, both organic and acquisitive, that complement its strategy applying hurdle rate methodology utilising the weighted average cost of capital (WACC). The board also monitors the level of dividends to ordinary shareholders. The board recognises debt as an important component of its capital structure in support of its leveraged business models. The optimal mix of debt and equity is determined in order to minimise the overall cost of capital and maximise shareholder value.

#### **Credit risk**

Credit risk relates to potential exposure in respect of cash and cash equivalents, loans to fellow subsidiaries, trade receivables and other receivables. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the Group obtains collateral or credit insurance on outstanding debts to mitigate risk.

Counterparties to financial instruments consist of a large number of high credit-rated financial institutions. The Group does not expect any counterparties to fail to meet their obligations, given their high credit ratings. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Counterparty credit limits are in place which are reviewed and approved by the respective subsidiary boards. Trade accounts receivable consist of a large number of customers spread across diverse industries and geographical areas. Adequate allowance for credit losses has been made. No single customer represents more than 10% of the Group's total revenue for the years ended or total trade receivables at 30 June 2020 and 30 June 2019.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 34. Financial risk management and financial instruments (continued)

#### *Credit risk (continued)*

	2020	2019
The maximum exposure to credit risk at the reporting date was:	£'000	£'000
Trade receivables net of allowance for credit losses	31,473	44,145
Other receivables (excluding prepayments, lease straight-line debtor, finance lease receivable, FEC assets and VAT)	432	436
Cash and cash equivalents	37,579	42,328
	<u>69,484</u>	<u>86,909</u>
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
Europe	23,018	31,320
United Kingdom and other	8,803	12,961
	<u>31,821</u>	<u>44,281</u>
<i>Gross debtors by trade debtor type</i>		
Retail debtors	900	3,143
End user trade debtors	7,903	9,818
Contract debtors	23,018	31,320
	<u>31,821</u>	<u>44,281</u>
<i>Impairment allowance of trade receivables</i>		
Balance at beginning of year	(136)	(388)
Movement in impairment allowance	(178)	253
Subsidiary acquired	(26)	-
Translation adjustment	(8)	(1)
Balance at end of year	<u>(348)</u>	<u>(136)</u>
<i>Made up as follows</i>		
Trade receivables	<u>(348)</u>	<u>(136)</u>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 34. Financial risk management and financial instruments (continued)

#### *Credit risk (continued)*

The following table provides information about the credit risk exposure and expected credit losses (ECLs) for trade receivables:

TRADE RECEIVABLES 2020					
	Gross carrying amount	Not past due	Past due	Loss allowance	Weighted average loss rate
	£000	£000	£000	£000	£000
0 - 30 days	21,406	19,675	1,731	1	0.00%
31 - 60 days	6,129	5,838	291	1	0.00%
61 - 90 days	2,125	2,025	100	0	0.00%
91 - 120 days	1,872	1,782	90	44	2.00%
>120 days	289	165	124	128	44.00%
	31,821	29,485	2,336	174	1.00%

TRADE RECEIVABLES 2019					
	Gross carrying amount	Not past due	Past due	Loss allowance	Weighted average loss rate
	£000	£000	£000	£000	£000
0 - 30 days	38,773	38,773	-	-	0.00%
31 - 60 days	3,444	3,444	-	-	0.00%
61 - 90 days	979	862	117	30	3.06%
91 - 120 days	174	144	30	15	8.62%
>120 days	911	728	183	91	9.98%
	44,281	43,951	330	136	0.31%

The Group uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are based on actual credit losses over prior years. These rates take into account current conditions and the Group's view of expected economic conditions.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. To manage this risk, Group companies manage their working capital, capital expenditure and cash flow and annually assess the financial viability of customers. In order to mitigate any liquidity risk that may arise, adequate unutilised banking facilities and reserve borrowing capacity is maintained per Group policy. The Group continually monitors forecast and actual cash flows and actively matches maturity profiles of financial assets and liabilities.

The following disclosure is based on the contractual maturities of the specific financial liabilities, including estimated interest payments:

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 34. Financial risk management and financial instruments (continued)

#### Liquidity risk (continued)

	Carrying amount £'000	Within 6 months £'000	6 – 12 months £'000	1 – 2 years £'000	2 – 5 years £'000	After 5 years £'000	Total contractual cash flows £'000
<b>2020</b>							
<b>Non-derivative financial liabilities</b>							
Secured property borrowings	17,053	1,559	1,544	7,264	7,728	-	18,095
Other financial liabilities	8,593	1,261	1,386	3,310	3,076	-	9,033
Trade and other payables <sup>1</sup>	199,337	131,172	66,105	-	938	743	198,958
Lease liabilities	79,005	1,607	1,558	3,095	23,227	46,276	75,763
	<b>303,988</b>	<b>135,599</b>	<b>70,593</b>	<b>13,669</b>	<b>34,969</b>	<b>47,019</b>	<b>301,849</b>
<b>2019</b>							
<b>Non-derivative financial liabilities</b>							
Secured property borrowings	7,917	712	4,664	492	2,352	-	8,220
Acquisition borrowings	12,373	2,691	2,641	5,385	4,716	-	15,433
Trade and other payables <sup>1</sup>	207,759	182,049	23,329	-	-	2,386	207,764
	<b>228,049</b>	<b>185,452</b>	<b>30,634</b>	<b>5,877</b>	<b>7,068</b>	<b>2,386</b>	<b>231,417</b>
<b>Derivative financial liabilities</b>							
Non-controlling interest put options	2,060	-	-	2,224	-	-	2,224

<sup>1</sup> Trade and other payables form an integral part of the day-to-day working capital structure. The maturity profile depicts the expected cash outflows excluding any increase in trade and other payables as a result of normal activity. Trade and other payables exclude VAT and deferred income.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 34. Financial risk management and financial instruments (continued)

#### Market risk

Market risk comprises foreign currency and interest rate risk only.

#### Foreign currency risk

Exchange rates to GBP	Average rate		Closing rate	
	2020	2019	2020	2019
Euro	1.1381	1.1344	1.1032	1.1160
USD	<u>1.2584</u>	<u>1.2938</u>	<u>1.2387</u>	<u>1.2694</u>

#### Foreign currency risk exposure

Financial instruments analysed in Pound Sterling equivalent of foreign currency:

Group	Pound Sterling £'000	Euro £'000	Total £'000
<b>2020</b>			
<b>Financial Assets</b>			
Loans to fellow subsidiaries	-	5	5
Cash and cash equivalents	18,625	18,954	37,579
Trade and other receivables	8,803	24,576	33,379
<b>Financial Liabilities</b>			
Loans from fellow subsidiaries	2,998	98,471	101,469
Secured property borrowings	17,053	-	17,053
Acquisition borrowings	6,772	-	6,772
Liquidity facility	-	1,820	1,820
Lease liability	79,005	-	79,005
Trade and other payables	173,104	26,233	199,337
<b>2019</b>			
<b>Financial Assets</b>			
Loans to fellow subsidiaries	-	4	4
Cash and cash equivalents	19,917	22,411	42,328
Trade and other receivables	12,961	32,360	45,321
<b>Financial Liabilities</b>			
Loans from fellow subsidiaries	15,068	93,429	108,497
Secured property borrowings	7,917	-	7,917
Acquisition borrowings	12,373	-	12,373
Non-controlling interest put option	-	2,060	2,060
Trade and other payables	<u>179,502</u>	<u>28,257</u>	<u>207,759</u>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 34. Financial risk management and financial instruments (continued)

#### Market risk (continued)

##### Sensitivity analysis on Group level

A 10% strengthening in the GBP against the following currencies at year-end would have (decreased)/increased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Equity		Profit or loss	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Euro	<u>(6,722)</u>	<u>(5,518)</u>	<u>(8,299)</u>	<u>(6,897)</u>

A 10% weakening in the GBP will have an equal and opposite effect on equity and profit or loss.

#### Interest rate risk

Exposure to interest rate risk on debt is monitored by management. The Group's borrowings are principally secured properties borrowings in the UK and acquisitions borrowings in Euro, following the acquisition of inTime. Borrowings from Group companies are at both fixed and floating interest rates.

	2020 £'000	2019 £'000
At reporting date the interest rate profile of the Group's interest-bearing financial instruments was:		

##### Fixed rate instruments

Financial assets	1,906	1,176
Financial liabilities	<u>(84,017)</u>	<u>(72,303)</u>
	<u>(82,111)</u>	<u>(71,127)</u>

##### Variable rate instruments

Financial assets	70,622	86,473
Financial liabilities	<u>(320,596)</u>	<u>(167,856)</u>
	<u>(249,974)</u>	<u>(81,383)</u>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 34. Financial risk management and financial instruments (continued)

#### *Interest rate risk (continued)*

##### **Sensitivity analysis:**

A 100-basis point increase in the interest rate will have the following increase/(decrease) effect on profit or loss and/or equity.

The analysis assumes that all other variables, in particular currency, remain constant. The analysis is performed as follows:

	2020 £'000	2019 £'000
<i>Fixed rate instruments profit/ (loss)</i>		
Profit before tax effect 100 basis point increase	(766)	(703)
Equity effect 100 basis point increase	<u>(613)</u>	<u>(562)</u>
<i>Variable rate instruments</i>		
Loss before tax effect 100 basis point increase	(1,657)	(880)
Equity effect 100 basis point increase	<u>(1,325)</u>	<u>(704)</u>

#### **Fair value of financial instruments**

The Group's financial instruments consist mainly of cash and cash equivalents, trade receivables, other receivables, trade payables, other payables, and borrowings. The recorded amount is described below as the carrying amount, otherwise known as book value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

#### **Cash and cash equivalents and other non-current assets**

##### *Cash and cash equivalents*

The carrying amount of cash and other financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

##### **Short-term borrowings**

The carrying amount approximates fair value because of the short yield to maturity of those instruments and the application of market related interest rates.

##### **Long-term borrowings**

The fair value of the long-term borrowings is based on the quoted market price for the same or similar borrowings or on the current rates available for borrowings with the same maturity profile and effective interest rate with similar cash flows. The fair value of non-current borrowings and other payables with variable interest rates approximates their carrying amounts.



# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 35. Related party transactions

#### *Identity of related parties*

The Group has related party relationships with retirement benefit funds and its key management personnel.

"Key management personnel" has been defined as the executive and non-executive directors. The definition of related parties includes the close members of family of key management personnel and any other entity over which key management exercises control, significant influence or joint control. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependents of the individual or the individual's domestic partner.

#### *Parent entities*

Bluefin Investments Limited is the parent entity. The ultimate parent and controlling entity is Super Group Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange. The Registered office, which is the location of where copies of the parents' group accounts are available to the public, of Super Group Limited is 27, Impala Road, Chislehurst, Sandton, 2196, Johannesburg, South Africa.

#### *Subsidiaries*

Interests in subsidiaries are set out in note 20.

#### *Transactions with fellow subsidiaries*

Loans to fellow subsidiaries – Refer to note 23.

Loans from fellow subsidiaries – Refer to note 28.

	<b>Holding company</b>		<b>Fellow subsidiaries</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Transactions during the year</i>				
Interest paid	<u>277</u>	<u>152</u>	<u>4,737</u>	<u>2,948</u>

#### *Key management compensation*

There are no other key management personnel who are not directors of the Company. Directors remuneration has been disclosed in note 10.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 36. Capital expenditure commitments and rental commitments

	Group	
	2020	2019
	£000	£000
<i>Capital commitments</i>		
<i>Intangible assets</i>		
Contracted	-	179
Authorised by directors but not yet contracted	236	219
Total authorised by directors	236	398
<i>Property, plant and equipment</i>		
Contracted	406	-
Authorised by directors but not yet contracted	5,052	2,633
Total authorised by directors	5,458	2,633

This capital expenditure will be financed by proceeds on disposal of related assets, funds generated by the businesses and borrowing facilities available to the Group.

The Group leases property, transport fleet and other equipment. From 1 July 2019, the Group has recognised right of use assets for these assets except for the short term and low value leases (see note 17). The rental commitments for short term and low value leases are shown below:

	Group	
	2020	2019
	£000	£000
Operating rental commitments		
Total rental commitments		
– less than one year	10	8,837
– between one and five years	155	26,703
– thereafter	-	39,480
	165	75,020

Operating rental agreements have been negotiated at market-related terms and rates with numerous suppliers.

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 37. Business combinations

#### *Acquisition of Trans-Logo-Tech (TLT) GmbH (Germany):*

inTime Service GMBH acquired 80% (60% effective ownership by the Group) interest in TLT on 5 July 2019 for £10,267,000. This acquisition will form part of the Supply Chain Europe segment.

The following table summarizes the consideration paid, the fair value of assets acquired, and the liabilities assumed at the acquisition date.

	2020 £'000
Consideration including overdraft acquired	10,267
Deferred consideration	-
	<u>10,267</u>
	2020 £'000
Property, plant and equipment	209
Right of use assets	20,833
Customer relationships	2,378
Software	228
Brand	856
Inventories	124
Trade and other receivables	9,251
Trade and other payables	(1,017)
Lease liabilities	(28,321)
Bank overdrafts	(438)
Provisions	(332)
Deferred tax liability	(593)
Income tax payable	(625)
Non-controlling interest	(1,010)
<b>Total identifiable net assets at fair value</b>	<u>1,543</u>
Goodwill	8,724
<b>Total consideration</b>	<u>10,267</u>
	(438)
<b>Cash outflow</b>	<u>(10,705)</u>

# SG International Holdings Limited

## Notes to the Financial Statements For the year ended 30 June 2020 (continued)

### 37. Business combinations (continued)

The acquisition of TLT will bolster the Supply Chain Europe division. The Group performed a PPA exercise on TLT whereby intangible assets acquired were separately valued. The valuation, using projected financial information, led to the recognition of customer contracts and relations of £3.9 million.

The non-controlling interests have been calculated using the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Goodwill has been recognised on the acquisition of TLT amounting to £8.8 million.

The goodwill is attributable mainly to the skills and technical talent of the workforce and synergies expected to be achieved from integrating the acquired businesses into the Group's various operations. None of the goodwill is expected to be deductible for tax purposes.

*Impact of the acquisition on the results of the Group.*

	2020
	£'000
Revenue	9,560
Profit after tax	890
Attributable profit	<u>534</u>

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