

Registered number: 00395953

**HILL'S GARAGES (WOODFORD) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 DECEMBER 2022**



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**HILL'S GARAGES (WOODFORD) LIMITED**

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A B Humphries R F Hill J R Crisp N H Crisp R J Dignam
<b>Company secretary</b>	A B Humphries R F Hill
<b>Registered number</b>	00395953
<b>Registered office</b>	536-564 High Road Woodford Green Essex IG8 0PR
<b>Independent auditors</b>	MHA Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ
<b>Bankers</b>	Barclays Bank plc Woodford Green Essex IG8 0HJ

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## **HILL'S GARAGES (WOODFORD) LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 30 DECEMBER 2022**

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#### **Introduction**

The Directors present the Company's Strategic Report for the year ended 30 December 2022.

#### **Principal activity**

Hill's Garages (Woodford) Limited is a motor dealer operating in Essex and as a franchisee enjoys the brand name and reputation of Toyota and Lexus. The principal activity is the sale of new, used and commercial cars as well as the servicing of those cars and the supply of spare parts.

The main strategic objectives of the company are the following:

- offering reliable cars at competitive prices.
- playing a major role in the motor retail industry by providing the newest models that follow the environmental requirements.
- retaining and extending the customer base by offering reliable services and parts to their cars.

#### **Business review**

During 2022 we came across a lot of issues with supply as the rest of the motor trade has found due to various issues worldwide. The turnover and GP remained the same as in previous years but as we had taken on a new site in our area we had taken expenses for this project as it went through the process.

Turnover in 2022 remained in line with the previous year at £72m .

Gross profit decreased slightly from £4.7m to £4.5m.

Profit before tax fell by £492K to £399K in 2022.

The Directors are satisfied with this performance given the very challenging environment in 2022.

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## **HILL'S GARAGES (WOODFORD) LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022**

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#### **Principal risks and uncertainties**

##### **Competition**

The motor vehicle distribution market is very competitive. The Company relies on the proven quality of its cars and customer service to maintain a competitive edge.

##### **Exchange rates**

The Company's profitability may be affected by adverse currency movements as the Company's car manufacturing partner is based abroad. The manufacturer may therefore vary its selling prices as a result of movements in the foreign exchange markets. Management can do little to minimise this exposure as it would affect all dealers in the UK so price rises would likely be required by all competitors in the same franchise network.

##### **Government legislation**

Changes in government legislation affecting taxation matters and taxation policies together with policies aimed at the motor sector, for example to minimise carbon emissions, can affect the Company's profitability and there is little the Company can do to minimise such risks, as the additional costs are initially borne by the manufacturer, and then passed on to the motor dealers such as this Company, to try and pass on to the ultimate purchaser where possible.

##### **Accounting and information systems**

The Company is reliant on a number of critical systems that, if interrupted for any length of time, could affect the Company's business. Management has ensured that backup systems are in place which would enable operations to be restored promptly.

##### **Manufacturer's financial stability**

The Company relies on its manufacturing partner success for much of its revenue and profitability. The fortunes of the manufacturer can affect a significant part of the industry. The Company's manufacturing partner is one of the strongest in the industry and the risk is regarded as minimal.

##### **Manufacturer's influence**

The Company's profitability can be affected by the timing of new models being made available and by the types of incentive schemes the manufacturer operates among other factors. It is in the manufacturer's interest, however, to have a profitable expanding dealer network which should mitigate this risk.

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## **HILL'S GARAGES (WOODFORD) LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022**

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#### **Financial risk management policies and objectives**

The Company's financial instruments include cash, trade debtors and trade creditors which arise directly from its operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The key risk arising from the Company's financial instruments is credit risk. The Directors review and agree policies to manage this risk as noted below.

#### **Credit risk**

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash deposits is minimal as they are all with a major UK bank, and therefore the principal credit risk arises from its trade debtors.

In order to manage credit risk, management sets credit limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed regularly by management, against the aged debtors and collection history. Most vehicles are paid for or have a signed finance agreement in place before being handed over to the customer which helps mitigate credit risk.

#### **Environmental protection**

The Company is aware of its responsibilities to the environment and the community in which it is located. Company policy dictates that we employ the services of professional waste disposal contractors to dispose of our general oil and packaging waste, in a manner that adheres to the relevant legislation, thereby ensuring that most of this waste is recycled.

#### **Supplier payments policy**

In line with industry practice, our manufacturing partner insists upon direct access to our bank accounts and transfers funds to pay for both vehicles and parts when they fall due. Other suppliers are generally paid in accordance with their terms of trading.

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## HILL'S GARAGES (WOODFORD) LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

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#### Future developments

The directors are currently looking for further opportunities to expand the Company and are looking for suitable and stable acquisitions that may occur in the future.

The Company continues to invest in its facilities to ensure they remain up to date and have invested in Electric Vehicle infrastructure during the year and post year end in anticipation of the increased demand for these vehicles in future years.

The Company have also invested in the year in a new state-of-the-art service factory. The Company aims to improve its after sales in the coming years.

The Directors will continue to proceed along the same path it has taken within the last few years to strengthen profits as well as expense savings in certain areas of the business. We will also look to increase market share in the sector and to increase our turnover.

#### Financial key performance indicators

The key performance indicators used by the Company's management to assess performance are as follows:

##### Gross profit percentage

This is a key measure of the Company's performance:

Year ended 30 December 2022 - 6.5%  
Year ended 30 December 2021 - 6.3%  
Year ended 30 December 2020 - 4.9%  
Period ended 30 December 2019 - 5.1%  
Year ended 31 December 2018 - 5.4%  
Year ended 31 December 2017 - 6.0%  
Year ended 31 December 2016 - 5.5%  
Year ended 31 December 2015 - 6.7%  
Year ended 31 December 2014 - 5.6%  
Year ended 31 December 2013 - 5.8%  
Year ended 31 December 2012 - 5.7%

Gross margin does fluctuate year on year due to the constantly changing market and environment for overall departments but remains in a healthy position for the Company compared to the sector. In the prior year, the margins increased due to the strong motor market and used vehicle prices increasing. New vehicles are also in high demand and have not had to be discounted to sell.

#### Other measures

Sales volumes and turnover are also reviewed on a monthly basis by management and the movements are discussed in the business review above.

#### Other key performance indicators

The directors review customer satisfaction levels as measured by independent third parties. Our customer satisfaction level remains high due to the service provided by our staff members. The Company aims to maintain and improve these levels in the future.

The Company is committed to training and retaining key staff members to ensure it has the necessary personnel to improve the Company's future performance.

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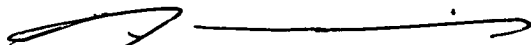
**HILL'S GARAGES (WOODFORD) LIMITED**

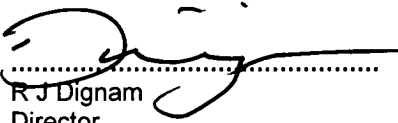
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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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

  
.....  
A B Humphries  
Director

  
.....  
R J Dignam  
Director

Date: 13. 9. 2023

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## **HILL'S GARAGES (WOODFORD) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 DECEMBER 2022**

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The directors present their report and the financial statements for the year ended 30 December 2022.

#### **Directors' responsibilities statement**

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

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

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

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

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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £458,728 (2021 - £852,291).

The directors do not recommend a dividend (2021 - £NIL)

#### **Directors**

The directors who served during the year were:

A B Humphries  
R F Hill  
J R Crisp  
N H Crisp  
R J Dignam

#### **Future developments**

Future developments have been disclosed in the Strategic Report.

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## HILL'S GARAGES (WOODFORD) LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2022

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#### Greenhouse gas emissions, energy consumption and energy efficiency action

The company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency actions as its energy consumption has been disclosed in its parent company accounts, Hills Group Enterprises Limited, who prepare consolidated financial statements. The parent company financial statements can be obtained from Companies house.

#### Disclosure of information to auditors

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

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


#### Post balance sheet events

There are no post balance sheet events to note.

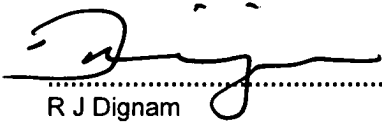
#### Auditors

Following a rebranding exercise on 15 May 2023 the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor, in accordance with section 485 of the Companies Act 2006, will be proposed at the next Annual General Meeting.

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

  
.....  
A B Humphries  
Director

Date: 13. 9. 23

  
.....  
R J Dignam  
Director

Date: 13/9/2023

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## **HILL'S GARAGES (WOODFORD) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILL'S GARAGES (WOODFORD) LIMITED**

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#### **Opinion**

We have audited the financial statements of Hill's Garages (Woodford) Limited (the 'Company') for the year ended 30 December 2022, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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

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

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## **HILL'S GARAGES (WOODFORD) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILL'S GARAGES (WOODFORD) LIMITED (CONTINUED)**

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#### **Other information**

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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## HILL'S GARAGES (WOODFORD) LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILL'S GARAGES (WOODFORD) LIMITED (CONTINUED)

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#### 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.

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

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Reviewing external Audit and Risk Assessment reports to ensure compliance with FCA regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILL'S GARAGES (WOODFORD) LIMITED  
(CONTINUED)**

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**Use of our report**

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



Robert John Butler FCA (Senior Statutory Auditor)

for and on behalf of  
**MHA**

Chartered Accountants  
Statutory Auditors  
Milton Keynes

Date: 14/9/23

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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	Note	2022 £	As restated 2021 £
Turnover	4	72,056,867	71,994,140
Cost of sales		(67,379,532)	(67,394,430)
<b>Gross profit</b>		<b>4,677,335</b>	<b>4,599,710</b>
Administrative expenses		(4,264,915)	(3,888,336)
Other operating income	5	122,190	292,213
<b>Operating profit</b>		<b>534,610</b>	<b>1,003,587</b>
Interest payable and similar expenses	9	(136,006)	(112,656)
<b>Profit before tax</b>		<b>398,604</b>	<b>890,931</b>
Tax on profit	10	60,124	(38,640)
<b>Profit after tax</b>		<b>458,728</b>	<b>852,291</b>
Retained earnings at the beginning of the year		6,244,608	5,392,317
Profit for the year		458,728	852,291
<b>Retained earnings at the end of the year</b>		<b>6,703,336</b>	<b>6,244,608</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 16 to 30 form part of these financial statements.

**HILL'S GARAGES (WOODFORD) LIMITED**  
**REGISTERED NUMBER: 00395953**

**BALANCE SHEET**  
**AS AT 30 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	11	1,395,546	1,365,628
		<u>1,395,546</u>	<u>1,365,628</u>
<b>Current assets</b>			
Stocks	12	8,245,192	6,165,154
Debtors: amounts falling due within one year	13	6,975,877	5,399,281
Cash at bank and in hand	14	2,955,317	3,117,651
		<u>18,176,386</u>	<u>14,682,086</u>
Creditors: amounts falling due within one year	15	(12,627,596)	(9,581,837)
<b>Net current assets</b>		<u>5,548,790</u>	<u>5,100,249</u>
<b>Total assets less current liabilities</b>		<u>6,944,336</u>	<u>6,465,877</u>
Creditors: amounts falling due after more than one year	16	(216,000)	(164,833)
<b>Provisions for liabilities</b>			
Deferred tax	18	-	(31,436)
		<u>-</u>	<u>(31,436)</u>
<b>Net assets</b>		<u><u>6,728,336</u></u>	<u><u>6,269,608</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	25,000	25,000
Profit and loss account	20	6,703,336	6,244,608
		<u><u>6,728,336</u></u>	<u><u>6,269,608</u></u>

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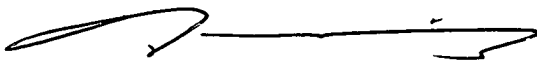
HILL'S GARAGES (WOODFORD) LIMITED  
REGISTERED NUMBER: 00395953

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BALANCE SHEET (CONTINUED)  
AS AT 30 DECEMBER 2022

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

  
.....  
A B Humphries  
Director

Date: 13. 9. 23.

  
.....  
R J Dignam  
Director

Date: 13/09/2023

The notes on pages 16 to 30 form part of these financial statements.

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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#### 1. General information

Hill's Garages (Woodford) Limited (registered number 00395943) is a private company limited by shares, incorporated in England. The address of its registered office and principal place of business is disclosed on the Company Information page.

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

The financial statements are presented in Pound Sterling, which is also the functional currency of the Company, rounded to the nearest whole number.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hills Group Enterprises Limited as at 30 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

The Company relies on its manufacturing partner success for much of its revenue and profitability. The fortunes of the manufacturer can affect a significant part of the industry. The Company's manufacturing partner is one of the strongest in the industry and the risk is regarded as minimal. The relationship between the Company and the manufacturing partner remains strong with various funding lines in place to aid working capital.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

##### 2.4 Revenue

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

###### **Sale of goods**

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

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

###### **Rendering of services**

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

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

###### **Target related income and other manufacturer support**

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

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.4 Revenue (continued)

Target related bonuses and other similar incomes and support are also recognised in cost of sales.

##### 2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Property improvements	- 10-25%
Plant and machinery	- 10-20%
Office equipment	- 10-33%
Assets under construction	- Not depreciated

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

Consignment vehicles are regarded as being under the control of the Company when significant risks and responsibilities of ownership are deemed to have passed to the Company. These values are included within stocks on the balance sheet although legal title has not passed to the Company. The corresponding liability is included as new vehicle funding as it is secured directly on these vehicles.

##### 2.7 Debtors

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.8 Cash and cash equivalents**

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

**2.9 Creditors**

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

**2.10 Financial instruments**

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

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

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

**2.11 Operating leases: the Company as lessee**

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

**2.12 Pensions**

**Defined contribution pension plan**

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

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

**2.13 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.14 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

##### 2.15 Current and deferred taxation

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

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

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

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

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

##### 2.16 Government grants

Grants relating to the Job Retention Scheme are accounted under the accruals model as permitted by FRS102. The accrued element of grants is included in debtors as accrued income.

Grants relating to the Job Retention Scheme are recognised in the statement of Income and Retained Earnings within other operating income in the same period as the related staff costs.

##### 2.17 Finance costs

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

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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

In application of the Company's accounting policies, management has been required to make judgements, estimates and assumptions. The items in the financial statements where these judgements and estimates have been made include:

##### 3.1 Critical management judgement in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimation, which have the most significant effect on the amounts recognised in the financial statements

###### (a) Determining provisions for bad debts

In determining the level of bad debt provision required, management review debtors on an ongoing basis. Judgement was exercised by management to determine which debts to provide for during the year. Failure to make the right judgement will result in either overstatement or understatement of assets.

##### 3.2 Key sources of estimation

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

###### (a) Determining net realisable value of stock

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

###### (b) Estimating useful lives of property, plant and equipment and intangible assets

The Company estimates the useful lives of property, plant and equipment and intangible assets based on the period over which the assets are expected to be available to use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Based on the management's assessment as at 30 December 2022, there is no change in estimated useful lives of those assets during the period. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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#### 4. Turnover

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

	2022 £	As restated 2021 £
Vehicles sales	57,743,280	59,041,738
Parts and servicing sales	9,450,787	7,613,635
Vehicle rental sales	234,803	194,861
Bonus and finance commission	4,627,997	5,143,906
	<u>72,056,867</u>	<u>71,994,140</u>

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2022 £	As restated 2021 £
Other operating income	122,190	75,791
Job retention scheme	-	216,422
	<u>122,190</u>	<u>292,213</u>

#### 6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	18,400	15,000

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

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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#### 7. Employees

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

	2022 £	2021 £
Wages and salaries	5,250,476	4,823,603
Social security costs	570,153	483,954
Cost of defined contribution pension scheme	100,240	91,763
	<u>5,920,869</u>	<u>5,399,320</u>

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

	2022 No.	2021 No.
Office management and administration	35	32
Sales and workshop	114	102
	<u>149</u>	<u>134</u>

#### 8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	810,987	824,893
Company contributions to defined contribution pension schemes	10,121	17,757
	<u>821,108</u>	<u>842,650</u>

During the year retirement benefits were accruing to 4 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £328,675 (2021 - £342,880).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000 (2021 - £6,000).

A director who served during the current period was remunerated by the Company's parent, Hills Group Enterprises Limited.

In the opinion of the directors, the key management personnel are the directors.

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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**9. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Stocking interest	<b>136,006</b>	<b>112,656</b>

**10. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(60,124)</b>	<b>38,640</b>
<b>Total deferred tax</b>	<b>(60,124)</b>	<b>38,640</b>
<b>Taxation on (loss)/profit on ordinary activities</b>	<b>(60,124)</b>	<b>38,640</b>

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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

The tax assessed for the year/period is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>398,604</u>	<u>890,931</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	75,735	169,277
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	6,916
Capital allowances for year/period in excess of depreciation	18,443	(119,933)
Tax losses carried forward	30,529	51,883
Short-term timing difference leading to an increase (decrease) in taxation	2,505	145
Group relief	456	9
Deferred tax charge	(60,124)	38,640
Transfer pricing adjustments	(127,668)	(108,297)
<b>Total tax charge for the year/period</b>	<u>(60,124)</u>	<u>38,640</u>

**Factors that may affect future tax charges**

On 1 April 2023 the main rate of corporation tax in the UK will increase to 25%.

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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**11. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Assets under construction £	Other fixed assets £	Total £
<b>Cost</b>					
At 31 December 2021	845,198	2,682,015	139,711	44,500	3,711,424
Additions	184,471	134,571	1,325	30,700	351,067
Transfers between classes	-	141,036	(141,036)	-	-
At 30 December 2022	<u>1,029,669</u>	<u>2,957,622</u>	<u>-</u>	<u>75,200</u>	<u>4,062,491</u>
<b>Depreciation</b>					
At 31 December 2021	343,348	1,957,948	-	44,500	2,345,796
Charge for the year on owned assets	137,830	183,319	-	-	321,149
At 30 December 2022	<u>481,178</u>	<u>2,141,267</u>	<u>-</u>	<u>44,500</u>	<u>2,666,945</u>
<b>Net book value</b>					
At 30 December 2022	<u>548,491</u>	<u>816,355</u>	<u>-</u>	<u>30,700</u>	<u>1,395,546</u>
At 30 December 2021	<u>501,850</u>	<u>724,067</u>	<u>139,711</u>	<u>-</u>	<u>1,365,628</u>

The NBV of assets held under other loans is £141,036 for the electrification loan asset.

**12. Stocks**

	2022 £	2021 £
Parts stock	216,215	195,768
Vehicle stock	8,028,977	5,969,386
	<u>8,245,192</u>	<u>6,165,154</u>

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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**13. Debtors**

	2022 £	2021 £
Trade debtors	1,813,290	1,310,921
Amounts owed by group undertakings	3,540,133	2,365,976
Other debtors	1,320,814	1,302,336
Prepayments and accrued income	272,952	420,048
Deferred taxation	28,688	-
	<u>6,975,877</u>	<u>5,399,281</u>

**14. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	<u>2,955,317</u>	<u>3,117,651</u>

**15. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Other loans	86,054	59,898
Trade creditors	9,012,502	6,273,154
Corporation tax	34,784	19,487
Other taxation and social security	159,287	457,092
Other creditors	2,948,661	2,451,202
Accruals and deferred income	386,308	321,004
	<u>12,627,596</u>	<u>9,581,837</u>

Included within trade creditors are amounts of £7,518,302 (2021 - £5,434,091) relating to liabilities owed to Toyota Financial Services (UK) Plc arising from vehicle funding plan agreements. Toyota Financial Services (UK) Plc holds legal charge over the vehicles funded under this funding plan agreement.

Other loans are secured on the assets to which they relate.

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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**16. Creditors: Amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other loans	<b>216,000</b>	164,833

Other loans are secured on the assets to which they relate.

**17. Loans**

Analysis of the maturity of loans is given below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Other loans	<b>86,054</b>	59,898
<b>Amounts falling due 1-2 years</b>		
Other loans	<b>216,000</b>	71,156
<b>Amounts falling due 2-5 years</b>		
Other loans	-	90,000
<b>Amounts falling due after more than 5 years</b>		
Other loans	-	3,677
	<b>302,054</b>	224,731

Other loans are secured on the assets to which they relate.

The loan is repayable in equal monthly installments. There is no interest accruing on the balance.

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**HILL'S GARAGES (WOODFORD) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2022**

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**18. Deferred taxation**

	2022 £	2021 £
At beginning of year	(31,436)	7,204
Charged to profit or loss	60,124	(38,640)
<b>At end of year</b>	<b>28,688</b>	<b>(31,436)</b>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(227,636)	(144,143)
Tax losses carried forward	250,911	112,562
Pension surplus	5,413	145
	<b>28,688</b>	<b>(31,436)</b>

**19. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
25,000 (2021 - 25,000) Ordinary shares shares of £1.00 each	<b>25,000</b>	<b>25,000</b>

**20. Reserves****Profit and loss account**

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

**21. Prior year adjustment**

Turnover and cost of sales have both been reduced by £1,220,490 due to internal sales not being removed in the prior year. Admin expenses and other operating income have both increased by £75,791 due to a reallocation of other income. There is no change to profit for either adjustment.

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## HILL'S GARAGES (WOODFORD) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2022

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#### 22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £100,240 (2021 - £91,763). Contributions of £28,897 (2021 - £26,479) were payable to the fund as at 30 December 2022.

#### 23. Commitments under operating leases

At 30 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	200,936	211,872
Later than 1 year and not later than 5 years	760,000	105,936
Later than 5 years	617,500	-
	<u>1,578,436</u>	<u>317,808</u>

During the period £200,936 (2021 - £69,372) was recognised as an expense in the profit and loss accounts in respect of operating leases.

#### 24. Related party transactions

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

The largest and smallest group of undertakings for which group accounts are prepared and of which the company is a member is that headed by Hills Group Enterprises Limited.

During the period, R F Hill, a director of the Company, was advanced amounts totalling £163,082 (2021 - £39,143) and repaid amounts totalling £Nil (2021 - £Nil). The highest amount owed to the Company during the period was £163,082 (2021 - £59,990). No interest was charged on this loan and it is unsecured with no date set for repayment. At 30 December 2022, the Company was owed £163,082 (2021 - £59,990) by R F Hill.

#### 25. Controlling party

The immediate and ultimate parent undertaking is Hills Group Enterprises Limited which is incorporated in England & Wales.

R F Hill is deemed the ultimate controlling party by virtue of her majority shareholding in Hills Group Enterprises Limited.