

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020
FOR
MOTOR DEPOT LIMITED**

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MOTOR DEPOT LIMITED

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FOR THE YEAR ENDED 31 AUGUST 2020**

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MOTOR DEPOT LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2020

DIRECTORS:

P J Wilkinson
N Chartier
G Paoli

REGISTERED OFFICE:

Bridge Haven One
Saxon Way
Priory Park
Hessle
East Yorkshire
HU13 9PG

REGISTERED NUMBER:

04316950 (England and Wales)

AUDITORS:

Bradbury & Co (Accountants) Limited
Chartered Certified Accountants
and Statutory Auditors
Drifffield

MOTOR DEPOT LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their strategic report of the company and the group for the year ended 31 August 2020.

REVIEW OF BUSINESS

The groups principal activity is that of garage proprietor, including the retailing of motor vehicles, parts and sundries.

The key financial highlights are as follows:

| | 2020 £000 | 2019 £000 | 2018 £000 | 2017 £000 | 2016 £000 |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Turnover | 226,026 | 232,776 | 199,775 | 147,982 | 112,743 |
| Profit before tax | 5,344 | 5,125 | 7,990 | 6,890 | 5,244 |
| Net Assets | 19,384 | 15,084 | 14,342 | 10,248 | 6,627 |

The group continues to trade profitably in the very competitive motor trade. The directors consider the results for the year to be good, they expect trade to continue to grow with the expansion of the group.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks facing the group are in respect of the decline in the national economy leading to a drop in demand for cars.

MOTOR DEPOT LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

SECTION 172(1) STATEMENT

As the Board at Motor Depot Limited, we have a legal responsibility under section 172 of the Companies Act 2006 to act in a way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as whole, and to have regard to the long-term effect of our decisions on the group and its stakeholders. This statement addresses the ways in which we as a Board outwork this responsibility.

Motordepot was formed in 2002 as a single site business in Clarence Street, Hull, East Yorkshire.

Our Hessle site was added in 2005, and we traded from both locations up until late 2013. Our team consisted of a total staff of approx 50 and our turnover had grown consistently to circa £30 million.

Motordepot initiated a successful expansion program in early 2014, continuing over the last six years, opening two vehicle preparation centres and an increased portfolio of ten further retail locations, including a site in Lincoln, due to officially open in November this year.

This growth has enabled us to employ over 400 staff across the group and report a turnover last year of in excess of £200 million, a significant increase in just 6 years.

Over the years we have created and developed a bespoke Head Office Support function enabling us to facilitate our substantial growth. Our team help to develop the retail sites and operations teams by offering experienced advice and support relative to their particular area of expertise. To facilitate and accommodate our Head Office Support function, our Web Support Team and our successful Telesales Department, we moved to a new Head Office facility in Hessle during 2017.

To support our continued growth and subsequent vehicle retail volumes we took the decision to open two preparation centres in Goole and Hull. The larger site in Goole opened in June 2018 accommodating circa 500 vehicles, a 40 ramp workshop and a purpose built paint facility allowing the preparation of between 1000 and 1500 vehicles per month depending on age/mileage/profile. Our smaller second centre in Hull is currently under expansion and will soon be capable of mechanically and cosmetically preparing around a further 400-500 vehicles per month depending on age/mileage/profile. We operate 7 days a week with teams of mechanical technicians, vehicle bodywork technicians, valeters and all associated support staff.

We have consistently maintained and developed our company culture and ethos throughout the growth of the business. Our aim is to offer our customers a very friendly, relaxed, transparent and ethical buying experience. We strive to ensure all of our team members feel valued, appreciated and supported in their employment journey with us.

We understand the need in investing in our teams and really understanding their talents. We love to promote from within when we can, many of our managers have been with the business for many years and have worked from the ground up. We are currently looking to form an internal training team, led by colleagues who understand the business from top to toe, using their experience and expertise to lead specific areas of training. We will build upon our current training strategies, offering group generic learning alongside more bespoke 'role specific' training.

We're working hard to improve our preparation functionalities by providing a one stop shop at both locations to include mechanical/cosmetic preparation, valeting and photography. There is a great focus on developing and expanding our two preparation centres to support the current sites and obviously future business growth. Our main aim is to dramatically improve our speed from purchase to sale, this will in our view increase sales volumes whilst massively reducing operational difficulties on our sites. This should improve our overall PPU and increase stock turn, savings opportunities are also evident within our preparation processes.

We are currently rebranding three of our current Motordepot Branches to CarSupermarket.com whilst working towards opening our new site in Lincoln. We are also in the process of refreshing our Best Car Buyer and InterestFree4Cars brands so they flow with Motordepot/

CarSupermarket.com. We aim to integrate Best Car Buyer within both Motordepot and CarSupermarket.com websites to enhance our offering and potentially capture an additional audience, there are significant ongoing synergies with all three brands.

MOTOR DEPOT LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

We are constantly looking at the challenges surrounding stock acquisition and consistently striving to source additional chains of supply.

Our aim is to continue to develop, expand and evolve the business. We continue to invest and develop our support functionalities, ensuring foundations are aligned and future site acquisitions can be accommodated. We continue to challenge everything we do, constantly discussing where we can improve and how we can do things a little differently.

KEY PERFORMANCE INDICATORS

| | 2020 | 2019 |
|-----------------------------|------|------|
| Growth/(Decline) in Revenue | (1%) | 17% |
| Gross Profit Margin | 7% | 8% |
| Net Profit Margin | 2% | 2% |

ON BEHALF OF THE BOARD:


.....
P J Wilkinson - Director

Date: 19/3/21

MOTOR DEPOT LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 August 2020.

DIVIDENDS

During the year interim dividends of £3,968,550 (2019 - £3,368,891) were paid and the directors recommend that no final dividend be paid.

FUTURE DEVELOPMENTS

The group continues to review its activities to improve its competitiveness in the motor industry. The directors are confident that the groups performance will allow it to seize opportunities for growth over the next five years

DIRECTORS

P J Wilkinson has held office during the whole of the period from 1 September 2019 to the date of this report.

Other changes in directors holding office are as follows:

N Chartier and G Paoli were appointed as directors after 31 August 2020 but prior to the date of this report.

R J Wilkinson, Mrs J Wilkinson, S J Butterley, G Botham, M Barrick and A Needham ceased to be directors after 31 August 2020 but prior to the date of this report.

FINANCIAL INSTRUMENTS

The groups principal financial instruments comprise of bank balances, bank loans, trade debtors, and trade creditors. The main purpose of these instruments is to raise funds and finance for the groups operations.

The groups approach to managing risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the bank loan at floating rates of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The group manages the price risk by ensuring stock turnover is maintained.

MOTOR DEPOT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 AUGUST 2020

EMPLOYMENT EQUALITY AND DIVERSITY

Motordepot Ltd aim to ensure that all of our employees feel valued and supported as individuals, we want to provide everyone the opportunity to develop their careers with us.

We understand and believe that to be the best we can be our team needs to be from a diverse range of backgrounds and work as part of an inclusive culture. We always aim to ensure that our workforce reflects the community we serve.

Everyone stands to benefit when we embrace and value diversity of thoughts, ideas and ways of working that people from different backgrounds, identities and experiences bring.

We commit to:

- The fair and equitable treatment of all employees irrespective of their gender, race, age, religion, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity or sexual orientation.
- Create an environment in which individual differences and the contribution of all team members are recognised and valued.
- Not tolerate any form of unacceptable behaviour, harassment, discrimination, bullying (including cyber bullying) or victimisation in any area of employment or in the provision of our services to our customers.
- Provide guidance and training to employees on diversity, inclusion and equality of opportunity.
- Encourage anyone who feels they have been subject to or witnessed discrimination to raise their concerns with their manager or Human Resources.
- Make every person aware of their personal responsibility for implementing and promoting equal opportunities in their day-to-day dealings with people and encourage employees to treat everyone with dignity and respect.
- Regularly review all our employment practices, policies and procedures to ensure compliance with the requirements of our commitment to diversity and inclusion.

Processes continue to be implemented across the company to ensure that this commitment is acted upon in practice.

Our integrated HR and payroll system allows the company to collate detailed employee demographic information. This system enables us to report confidently on the makeup of our workforce.

The group encourages the recruitment and subsequent training, career development and promotion of all disabled people on the basis of their aptitude and abilities and the retention and re-training of employees who become disabled.

The group continues to work with local Councils to offer work experience placements to those with a disability and to potentially offer supported internships in order to continue to develop a diverse and positive workforce. Equality of opportunity is embedded throughout the recruitment and selection process. All training and promotional opportunities are advertised to all employees and a process is in place to support managers and employees to implement reasonable adjustments as and when required.

In addition, as the current workforce is an ageing and predominantly male workforce, we aim to increase employment opportunities for young people and females by promoting the company as a potential employer for school, college and university leavers setting out on their careers.

The group values the insights from representative forums and takes action where necessary on matters raised to protect employment rights and prevent issues escalating to the detriment of the business. Managers are provided with advice and guidance on making reasonable adjustments which will enable employees to continue to work effectively, develop in their current and any future roles and contribute fully irrespective of any disabilities they have.

The elimination of any potential discrimination, harassment and victimisation will continue to be achieved through the policies and procedures relating to employees that the company has in place, ensuring that every employee is treated with dignity and respect.

Communication with our employees

MOTOR DEPOT LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

Keeping in touch with our employees was of paramount importance to us during Covid-19. More than ever the most important part of our communication was listening and doing everything we could to gauge our employees concerns, questions and opinions for us to feed this into organisational decision making and reflect these in our communications back.

To provide stability, we committed to communicating regularly and at predictable times even if we didn't have much to say. We continue to prioritise wellbeing and communicate openly ensuring our employees seek the help when needed.

We encourage and work towards facilitating an environment where everyone can communicate effectively.

Financial results and significant business issues are communicated to all employees via the use of email, in-house newsletters, employee representative meetings and manager meetings.

These forums are used to ensure that employees are kept up to date with the business performance of the group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

MOTOR DEPOT LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020**

AUDITORS

The auditors, Bradbury & Co (Accountants) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
P. J. Wilkinson - Director

Date: 19/3/21

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MOTOR DEPOT LIMITED

Opinion

We have audited the financial statements of Motor Depot Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 August 2020 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

We have nothing to report in respect of the following matters in relation to which the 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MOTOR DEPOT LIMITED

Matters on which we are required to report by exception

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

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

- 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
- the parent company 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 Statement of Directors' Responsibilities set out on page seven, 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 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 a Report of the Auditors 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Christopher Bryan Wilson FCCA (Senior Statutory Auditor)
for and on behalf of Bradbury & Co (Accountants) Limited
Chartered Certified Accountants
and Statutory Auditors
Drifffield

Date: 25 March 2021

MOTOR DEPOT LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

| | Notes | 2020 £ | 2019 £ |
|---|-------|----------------------|----------------------|
| TURNOVER | 3 | 226,025,618 | 232,775,835 |
| Cost of sales | | <u>(210,925,140)</u> | <u>(214,367,450)</u> |
| GROSS PROFIT | | 15,100,478 | 18,408,385 |
| Administrative expenses | | <u>(10,814,491)</u> | <u>(12,555,522)</u> |
| | | 4,285,987 | 5,852,863 |
| Other operating income | | <u>1,779,202</u> | <u>-</u> |
| OPERATING PROFIT | 5 | 6,065,189 | 5,852,863 |
| Interest payable and similar expenses | 6 | <u>(721,427)</u> | <u>(727,913)</u> |
| PROFIT BEFORE TAXATION | | 5,343,762 | 5,124,950 |
| Tax on profit | 7 | <u>(1,075,978)</u> | <u>(1,013,099)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>4,267,784</u> | <u>4,111,851</u> |
| Profit attributable to: Owners of the parent | | <u>4,267,784</u> | <u>4,111,851</u> |

The notes form part of these financial statements

MOTOR DEPOT LIMITED

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**

| | Notes | 2020 £ | 2019 £ |
|---|-------|------------------|------------------|
| PROFIT FOR THE YEAR | | 4,267,784 | 4,111,851 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>4,267,784</u> | <u>4,111,851</u> |
| Total comprehensive income attributable to: Owners of the parent | | <u>4,267,784</u> | <u>4,111,851</u> |

The notes form part of these financial statements

MOTOR DEPOT LIMITED (REGISTERED NUMBER: 04316950)

**CONSOLIDATED BALANCE SHEET
31 AUGUST 2020**

| | Notes | 2020 £ | 2019 £ |
|--|-------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 2,813,302 | 56,712 |
| Tangible assets | 11 | 5,413,189 | 5,658,188 |
| Investments | 12 | - | - |
| | | <u>8,226,491</u> | <u>5,714,900</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 31,568,240 | 32,178,527 |
| Debtors | 14 | 5,551,841 | 4,512,869 |
| Cash at bank and in hand | | <u>7,769,718</u> | <u>5,527,783</u> |
| | | 44,889,799 | 42,219,179 |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | <u>(33,011,878)</u> | <u>(32,120,587)</u> |
| NET CURRENT ASSETS | | <u>11,877,921</u> | <u>10,098,592</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 20,104,412 | 15,813,492 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 16 | (200,000) | - |
| PROVISIONS FOR LIABILITIES | 20 | <u>(520,743)</u> | <u>(729,057)</u> |
| NET ASSETS | | <u>19,383,669</u> | <u>15,084,435</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 4,001,000 | 1,000 |
| Retained earnings | 22 | <u>15,382,669</u> | <u>15,083,435</u> |
| | | <u>19,383,669</u> | <u>15,084,435</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2021 and were signed on its behalf by:



.....
P J Wilkinson - Director

The notes form part of these financial statements

MOTOR DEPOT LIMITED (REGISTERED NUMBER: 04316950)

**COMPANY BALANCE SHEET
31 AUGUST 2020**

| | Notes | 2020 £ | 2019 £ |
|--|-------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 76,326 | 56,712 |
| Tangible assets | 11 | 5,359,378 | 5,658,188 |
| Investments | 12 | <u>6,331,500</u> | <u>-</u> |
| | | <u>11,767,204</u> | <u>5,714,900</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 31,568,240 | 32,178,527 |
| Debtors | 14 | 5,551,841 | 4,512,869 |
| Cash at bank and in hand | | <u>3,928,276</u> | <u>5,527,783</u> |
| | | 41,048,357 | 42,219,179 |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | <u>(32,407,040)</u> | <u>(32,120,587)</u> |
| NET CURRENT ASSETS | | <u>8,641,317</u> | <u>10,098,592</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 20,408,521 | 15,813,492 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 16 | (200,000) | - |
| PROVISIONS FOR LIABILITIES | 20 | <u>(520,743)</u> | <u>(729,057)</u> |
| NET ASSETS | | <u>19,687,778</u> | <u>15,084,435</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 4,001,000 | 1,000 |
| Retained earnings | 22 | <u>15,686,778</u> | <u>15,083,435</u> |
| | | <u>19,687,778</u> | <u>15,084,435</u> |
| Company's profit for the financial year | | <u>4,571,893</u> | <u>4,111,851</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2021 and were signed on its behalf by:


P J Wilkinson - Director

The notes form part of these financial statements

MOTOR DEPOT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|--------------------------|
| Balance at 1 September 2018 | 1,000 | 14,341,475 | 14,342,475 |
| Changes in equity | | | |
| Dividends | - | (3,369,891) | (3,369,891) |
| Total comprehensive income | <u>-</u> | <u>4,111,851</u> | <u>4,111,851</u> |
| Balance at 31 August 2019 | <u>1,000</u> | <u>15,083,435</u> | <u>15,084,435</u> |
| Changes in equity | | | |
| Issue of share capital | 4,000,000 | - | 4,000,000 |
| Dividends | - | (3,968,550) | (3,968,550) |
| Total comprehensive income | <u>-</u> | <u>4,267,784</u> | <u>4,267,784</u> |
| Balance at 31 August 2020 | <u><u>4,001,000</u></u> | <u><u>15,382,669</u></u> | <u><u>19,383,669</u></u> |

The notes form part of these financial statements

MOTOR DEPOT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|--------------------------|
| Balance at 1 September 2018 | 1,000 | 14,341,475 | 14,342,475 |
| Changes in equity | | | |
| Dividends | - | (3,369,891) | (3,369,891) |
| Total comprehensive income | <u>-</u> | <u>4,111,851</u> | <u>4,111,851</u> |
| Balance at 31 August 2019 | <u>1,000</u> | <u>15,083,435</u> | <u>15,084,435</u> |
| Changes in equity | | | |
| Issue of share capital | 4,000,000 | - | 4,000,000 |
| Dividends | - | (3,968,550) | (3,968,550) |
| Total comprehensive income | <u>-</u> | <u>4,571,893</u> | <u>4,571,893</u> |
| Balance at 31 August 2020 | <u><u>4,001,000</u></u> | <u><u>15,686,778</u></u> | <u><u>19,687,778</u></u> |

The notes form part of these financial statements

MOTOR DEPOT LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 10,263,355 | 3,586,201 |
| Interest paid | | (721,427) | (727,913) |
| Tax paid | | <u>(358,007)</u> | <u>(2,229,298)</u> |
| Net cash from operating activities | | <u>9,183,921</u> | <u>628,990</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (19,614) | - |
| Purchase of tangible fixed assets | | (312,685) | (828,502) |
| Purchase of fixed asset investments | | (31,500) | - |
| Sale of tangible fixed assets | | 400,000 | - |
| Net cash inflow from acquisitions | | <u>3,907,033</u> | <u>-</u> |
| Net cash from investing activities | | <u>3,943,234</u> | <u>(828,502)</u> |
| Cash flows from financing activities | | | |
| New loans in year | | - | 4,534,400 |
| Loan repayments in year | | (6,916,670) | - |
| Equity dividends paid | | <u>(3,968,550)</u> | <u>(3,369,891)</u> |
| Net cash from financing activities | | <u>(10,885,220)</u> | <u>1,164,509</u> |
| Increase in cash and cash equivalents | | <u>2,241,935</u> | <u>964,997</u> |
| Cash and cash equivalents at beginning of year | 2 | <u>5,527,783</u> | <u>4,562,786</u> |
| Cash and cash equivalents at end of year | 2 | <u><u>7,769,718</u></u> | <u><u>5,527,783</u></u> |

The notes form part of these financial statements

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2020 £ | 2019 £ |
|---------------------------------------|--------------------------|-------------------------|
| Profit before taxation | 5,343,762 | 5,124,950 |
| Depreciation charges | 786,786 | 447,785 |
| Profit on disposal of fixed assets | (271,182) | - |
| Movement in warranty provision | (202,714) | (239,685) |
| Finance costs | <u>721,427</u> | <u>727,913</u> |
| | 6,378,079 | 6,060,963 |
| Decrease/(increase) in stocks | 610,287 | (1,207,841) |
| Increase in trade and other debtors | (1,004,865) | (1,413,978) |
| Increase in trade and other creditors | <u>4,279,854</u> | <u>147,057</u> |
| Cash generated from operations | <u><u>10,263,355</u></u> | <u><u>3,586,201</u></u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2020

| | 31/8/20 £ | 1/9/19 £ |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | <u>7,769,718</u> | <u>5,527,783</u> |

Year ended 31 August 2019

| | 31/8/19 £ | 1/9/18 £ |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | <u>5,527,783</u> | <u>4,562,786</u> |

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1/9/19 £ | Cash flow £ | At 31/8/20 £ |
|---------------------------------|----------------------------|-------------------------|---------------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>5,527,783</u> | <u>2,241,935</u> | <u>7,769,718</u> |
| | <u>5,527,783</u> | <u>2,241,935</u> | <u>7,769,718</u> |
| Debt | | | |
| Debts falling due within 1 year | (21,345,717) | 4,816,670 | (16,529,047) |
| Debts falling due after 1 year | <u>-</u> | <u>(200,000)</u> | <u>(200,000)</u> |
| | <u>(21,345,717)</u> | <u>4,616,670</u> | <u>(16,729,047)</u> |
| Total | <u><u>(15,817,934)</u></u> | <u><u>6,858,605</u></u> | <u><u>(8,959,329)</u></u> |

The notes form part of these financial statements

MOTOR DEPOT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. STATUTORY INFORMATION

Motor Depot Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary (the Group) as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the groups accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income from the sale of cars and accompanying extras is recognised when the customer signs the contract to purchase the car.

Income from the service department is recognised when the work is complete.

Finance commission received for selling finance to customers is included in turnover in the period when finance is made to the customer.

The group sells forward plans for service work undertaken in future years, this income is recognised over the years to which the work relates.

MOTOR DEPOT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES - continued

Business combinations and goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2020, is being amortised evenly over its estimated useful life of ten years.

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless fair value of contingent liabilities cannot be reliably measured they are disclosed in the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Groups interest in the identifiable net assets, liabilities and contingent liabilities acquired. The Directors have reviewed the useful economic life of goodwill which in the light of its durability is considered to be 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Consolidated Income Statement. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Income Statement over its estimated useful economic life.

Intangible assets domain names

Domain names are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets include domain names, only one of which is amortised at 33% on cost, the charge is included in the Income Statement in Administration expenses. The remaining domain names are not currently being amortised as in the directors opinion these are not reducing in value, these are not material in nature.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|---------------|
| Freehold property | - 2% on cost |
| Tenants improvements | - 10% on cost |
| Plant and machinery | - 20% on cost |
| Fixtures and fittings | - 20% on cost |
| Computer equipment | - 33% on cost |

Tangible assets are carried in the balance sheet at cost less accumulated depreciation. Land is not depreciated.

Stocks

Stock is valued at the lower of cost and net estimated selling price less selling costs, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Provisions

A provision is included in the accounts for the estimated future cost of remedial work required on cars for which a warranty sale has been made and is still in place at the balance sheet date.

A provision is also included in the accounts for the future potential remedial work on sold cars and this is based on the estimated future costs.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

| | 2020 | 2019 |
|---------------|--------------------|--------------------|
| | £ | £ |
| Sale of goods | 217,849,419 | 219,899,290 |
| Services | 2,820,234 | 2,945,490 |
| Commissions | <u>5,355,965</u> | <u>9,931,055</u> |
| | <u>226,025,618</u> | <u>232,775,835</u> |

No segmental information is given because all turnover relates to income derived from the motor trade and from the UK.

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

4. EMPLOYEES AND DIRECTORS

| | 2020 | 2019 |
|-----------------------|--------------------------|--------------------------|
| | £ | £ |
| Wages and salaries | 12,899,970 | 12,001,094 |
| Pension costs | 215,916 | 145,462 |
| Social security costs | <u>1,232,803</u> | <u>1,267,040</u> |
| | <u><u>14,348,689</u></u> | <u><u>13,413,596</u></u> |

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

| | 2020 | 2019 |
|----------------|-------------------|-------------------|
| Sales | 193 | 199 |
| Valeters | 48 | 29 |
| Service | 131 | 121 |
| Administration | <u>51</u> | <u>50</u> |
| | <u><u>423</u></u> | <u><u>399</u></u> |

| | 2020 | 2019 |
|--|---------------------|---------------------|
| | £ | £ |
| Directors' remuneration | 1,065,024 | 1,044,460 |
| Directors' pension contributions to money purchase schemes | <u><u>6,011</u></u> | <u><u>4,509</u></u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|-----------------|-----------------|
| Money purchase schemes | <u><u>5</u></u> | <u><u>5</u></u> |
|------------------------|-----------------|-----------------|

Information regarding the highest paid director is as follows:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| | £ | £ |
| Emoluments etc | 666,705 | 664,569 |
| Pension contributions to money purchase schemes | <u><u>1,315</u></u> | <u><u>1,019</u></u> |

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

5. OPERATING PROFIT

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

| | 2020 £ | 2019 £ |
|--|--------------------|-----------|
| Hire of plant and machinery | 59,882 | 53,067 |
| Depreciation - owned assets | 482,677 | 444,430 |
| Profit on disposal of fixed assets | (271,182) | - |
| Goodwill amortisation | 304,109 | - |
| Domain names amortisation | - | 3,356 |
| Auditor's remuneration for the audit of the group financial statements | 24,000 | 22,000 |
| Auditor's remuneration non audit work - other services | 3,040 | 9,850 |
| Auditor's remuneration for the audit of the financial statements of the subsidiary | 11,000 | - |
| Operating leases - rent | 1,282,260 | 1,192,896 |
| CJRS grant | <u>(1,779,202)</u> | <u>-</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 £ | 2019 £ |
|----------------|----------------|----------------|
| Bank interest | 721,427 | 719,906 |
| Other interest | <u>-</u> | <u>8,007</u> |
| | <u>721,427</u> | <u>727,913</u> |

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

| | 2020 £ | 2019 £ |
|--------------------|------------------|------------------|
| Current tax: | | |
| UK corporation tax | 1,107,784 | 998,699 |
| Prior year refund | <u>(26,206)</u> | <u>-</u> |
| Total current tax | 1,081,578 | 998,699 |
| Deferred tax | <u>(5,600)</u> | <u>14,400</u> |
| Tax on profit | <u>1,075,978</u> | <u>1,013,099</u> |

UK corporation tax has been charged at 19%.

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Profit before tax | <u>5,343,762</u> | <u>5,124,950</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | 1,015,315 | 973,741 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 31,610 | 39,358 |
| Adjustments to tax charge in respect of previous periods | (26,206) | - |
| Tax impact of indexation allowance | (2,521) | - |
| Amortisation of goodwill | <u>57,780</u> | <u>-</u> |
| Total tax charge | <u>1,075,978</u> | <u>1,013,099</u> |

The net reversal of deferred tax liabilities expected to occur in the next year is £45,598 (2019 £39,950). This expected reversal is due to the movement in the accelerated capital allowances timing differences.

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

| | 2020 £ | 2019 £ |
|------------------------|------------------|------------------|
| Interim dividends paid | <u>3,968,550</u> | <u>3,369,891</u> |

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

10. INTANGIBLE FIXED ASSETS

Group

| | Goodwill £ | Domain names £ | Totals £ |
|-----------------------|------------------|----------------------|------------------|
| COST | | | |
| At 1 September 2019 | - | 60,068 | 60,068 |
| Additions | <u>3,041,085</u> | <u>19,614</u> | <u>3,060,699</u> |
| At 31 August 2020 | <u>3,041,085</u> | <u>79,682</u> | <u>3,120,767</u> |
| AMORTISATION | | | |
| At 1 September 2019 | - | 3,356 | 3,356 |
| Amortisation for year | <u>304,109</u> | <u>-</u> | <u>304,109</u> |
| At 31 August 2020 | <u>304,109</u> | <u>3,356</u> | <u>307,465</u> |
| NET BOOK VALUE | | | |
| At 31 August 2020 | <u>2,736,976</u> | <u>76,326</u> | <u>2,813,302</u> |
| At 31 August 2019 | <u>-</u> | <u>56,712</u> | <u>56,712</u> |

Company

| | Domain names £ |
|---|----------------------|
| COST | |
| At 1 September 2019 | 60,068 |
| Additions | <u>19,614</u> |
| At 31 August 2020 | <u>79,682</u> |
| AMORTISATION | |
| At 1 September 2019 and 31 August 2020 | <u>3,356</u> |
| NET BOOK VALUE | |
| At 31 August 2020 | <u>76,326</u> |
| At 31 August 2019 | <u>56,712</u> |

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

11. TANGIBLE FIXED ASSETS

| Group | Freehold property £ | Tenants improvements £ | Plant and machinery £ |
|---------------------------|--|---------------------------------------|--------------------------------------|
| COST | | | |
| At 1 September 2019 | 3,988,106 | 1,556,194 | 788,561 |
| Additions | 57,036 | 33,857 | 52,311 |
| Disposals | (128,818) | (280,296) | (300,757) |
| Reclassification/transfer | - | - | 23,137 |
| At 31 August 2020 | <u>3,916,324</u> | <u>1,309,755</u> | <u>563,252</u> |
| DEPRECIATION | | | |
| At 1 September 2019 | 57,737 | 602,817 | 453,136 |
| Charge for year | 9,312 | 143,937 | 106,185 |
| Eliminated on disposal | - | (280,296) | (300,757) |
| Reclassification/transfer | - | - | 9,574 |
| At 31 August 2020 | <u>67,049</u> | <u>466,458</u> | <u>268,138</u> |
| NET BOOK VALUE | | | |
| At 31 August 2020 | <u>3,849,275</u> | <u>843,297</u> | <u>295,114</u> |
| At 31 August 2019 | <u>3,930,369</u> | <u>953,377</u> | <u>335,425</u> |
| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
| COST | | | |
| At 1 September 2019 | 1,053,049 | 236,508 | 7,622,418 |
| Additions | 112,258 | 57,223 | 312,685 |
| Disposals | (485,017) | (144,955) | (1,339,843) |
| Reclassification/transfer | 43,152 | - | 66,289 |
| At 31 August 2020 | <u>723,442</u> | <u>148,776</u> | <u>6,661,549</u> |
| DEPRECIATION | | | |
| At 1 September 2019 | 654,153 | 196,387 | 1,964,230 |
| Charge for year | 171,028 | 52,215 | 482,677 |
| Eliminated on disposal | (485,017) | (144,955) | (1,211,025) |
| Reclassification/transfer | 2,904 | - | 12,478 |
| At 31 August 2020 | <u>343,068</u> | <u>103,647</u> | <u>1,248,360</u> |
| NET BOOK VALUE | | | |
| At 31 August 2020 | <u>380,374</u> | <u>45,129</u> | <u>5,413,189</u> |
| At 31 August 2019 | <u>398,896</u> | <u>40,121</u> | <u>5,658,188</u> |

Included in cost of land and buildings is freehold land of £1,924,999 (2019 - £2,025,000) which is not depreciated.

MOTOR DEPOT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

11. TANGIBLE FIXED ASSETS - continued

Company

| | Freehold property £ | Tenants improvements £ | Plant and machinery £ |
|------------------------|----------------------------------|------------------------------|-----------------------------|
| COST | | | |
| At 1 September 2019 | 3,988,106 | 1,556,194 | 788,561 |
| Additions | 57,036 | 33,857 | 52,311 |
| Disposals | <u>(128,818)</u> | <u>(280,296)</u> | <u>(300,757)</u> |
| At 31 August 2020 | <u>3,916,324</u> | <u>1,309,755</u> | <u>540,115</u> |
| DEPRECIATION | | | |
| At 1 September 2019 | 57,737 | 602,817 | 453,136 |
| Charge for year | 9,312 | 143,937 | 106,185 |
| Eliminated on disposal | <u>-</u> | <u>(280,296)</u> | <u>(300,757)</u> |
| At 31 August 2020 | <u>67,049</u> | <u>466,458</u> | <u>258,564</u> |
| NET BOOK VALUE | | | |
| At 31 August 2020 | <u>3,849,275</u> | <u>843,297</u> | <u>281,551</u> |
| At 31 August 2019 | <u>3,930,369</u> | <u>953,377</u> | <u>335,425</u> |
| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
| COST | | | |
| At 1 September 2019 | 1,053,049 | 236,508 | 7,622,418 |
| Additions | 112,258 | 57,223 | 312,685 |
| Disposals | <u>(485,017)</u> | <u>(144,955)</u> | <u>(1,339,843)</u> |
| At 31 August 2020 | <u>680,290</u> | <u>148,776</u> | <u>6,595,260</u> |
| DEPRECIATION | | | |
| At 1 September 2019 | 654,153 | 196,387 | 1,964,230 |
| Charge for year | 171,028 | 52,215 | 482,677 |
| Eliminated on disposal | <u>(485,017)</u> | <u>(144,955)</u> | <u>(1,211,025)</u> |
| At 31 August 2020 | <u>340,164</u> | <u>103,647</u> | <u>1,235,882</u> |
| NET BOOK VALUE | | | |
| At 31 August 2020 | <u>340,126</u> | <u>45,129</u> | <u>5,359,378</u> |
| At 31 August 2019 | <u>398,896</u> | <u>40,121</u> | <u>5,658,188</u> |

Included in cost of land and buildings is freehold land of £1,924,999 (2019 - £2,025,000) which is not depreciated.

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

12. FIXED ASSET INVESTMENTS

Company

| | Shares in group undertakings £ |
|-----------------------|---|
| COST | |
| Additions | <u>6,331,500</u> |
| At 31 August 2020 | <u>6,331,500</u> |
| NET BOOK VALUE | |
| At 31 August 2020 | <u>6,331,500</u> |

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Goball Limited

Registered office: Bridge Haven One, Saxon Way, Priory Park, Hessle, HU13 9PG

Nature of business: Retailing of motor vehicles

| | % |
|------------------|---------|
| Class of shares: | holding |
| Ordinary | 100.00 |

13. STOCKS

| | Group | | Company | |
|----------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 £ | 2019 £ | 2020 £ | 2019 £ |
| Motor Vehicles | 31,462,436 | 32,042,819 | 31,462,436 | 32,042,819 |
| Parts | <u>105,804</u> | <u>135,708</u> | <u>105,804</u> | <u>135,708</u> |
| | <u>31,568,240</u> | <u>32,178,527</u> | <u>31,568,240</u> | <u>32,178,527</u> |

The motor vehicles stock of £31,462,436 (2019 £32,042,819) above has been pledged as security for the bank loan.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 2020 £ | 2019 £ | 2020 £ | 2019 £ |
| Trade debtors | 4,551,123 | 3,508,150 | 4,551,123 | 3,508,150 |
| Other debtors | 39,353 | 28,055 | 39,353 | 28,055 |
| Prepayments and accrued income | <u>961,365</u> | <u>976,664</u> | <u>961,365</u> | <u>976,664</u> |
| | <u>5,551,841</u> | <u>4,512,869</u> | <u>5,551,841</u> | <u>4,512,869</u> |

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 17) | 15,149,047 | 21,345,717 | 15,149,047 | 21,345,717 |
| Other loans (see note 17) | 1,380,000 | - | 1,380,000 | - |
| Trade creditors | 5,041,792 | 4,196,859 | 5,041,792 | 4,196,859 |
| Tax | 1,090,545 | 306,708 | 1,030,279 | 306,708 |
| Social security and other taxes | 367,757 | 304,888 | 367,757 | 304,888 |
| VAT | 4,303,063 | 517,708 | 3,758,491 | 517,708 |
| Other creditors | 111,922 | 140,612 | 111,922 | 140,612 |
| Accruals and deferred income | 5,567,752 | 5,308,095 | 5,567,752 | 5,308,095 |
| | <u>33,011,878</u> | <u>32,120,587</u> | <u>32,407,040</u> | <u>32,120,587</u> |

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Company | |
|---------------------------|----------------|----------|----------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Other loans (see note 17) | <u>200,000</u> | <u>-</u> | <u>200,000</u> | <u>-</u> |

17. LOANS

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Amounts falling due within one year or on demand: | | | | |
| Bank loans | 15,149,047 | 21,345,717 | 15,149,047 | 21,345,717 |
| Other loans | <u>1,380,000</u> | <u>-</u> | <u>1,380,000</u> | <u>-</u> |
| | <u>16,529,047</u> | <u>21,345,717</u> | <u>16,529,047</u> | <u>21,345,717</u> |
| Amounts falling due between one and two years: | | | | |
| Other loans - 1-2 years | <u>200,000</u> | <u>-</u> | <u>200,000</u> | <u>-</u> |

The bank loan is borrowed against the value of the motor vehicle stock and is subject to annual interest at 2% over 7 Day LIBOR rate.

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

Group

| | Non-cancellable operating leases | |
|----------------------------|-------------------------------------|-------------------|
| | 2020 | 2019 |
| | £ | £ |
| Within one year | 1,584,900 | 1,260,584 |
| Between one and five years | 5,903,943 | 5,485,441 |
| In more than five years | <u>6,363,725</u> | <u>7,446,118</u> |
| | <u>13,852,568</u> | <u>14,192,143</u> |

Company

| | Non-cancellable operating leases | |
|----------------------------|-------------------------------------|-------------------|
| | 2020 | 2019 |
| | £ | £ |
| Within one year | 1,544,900 | 1,260,584 |
| Between one and five years | 5,736,860 | 5,485,441 |
| In more than five years | <u>6,202,475</u> | <u>7,446,118</u> |
| | <u>13,484,235</u> | <u>14,192,143</u> |

19. SECURED DEBTS

The following secured debts are included within creditors:

| | Group | | Company | |
|------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Bank loans | <u>15,149,047</u> | <u>21,345,717</u> | <u>15,149,047</u> | <u>21,345,717</u> |

The bank loan is secured over the whole assets of Motor Depot Ltd with priority ranking over vehicle stocks.

20. PROVISIONS FOR LIABILITIES

| | Group | | Company | |
|---------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Deferred tax - ACA | <u>79,900</u> | <u>85,500</u> | <u>79,900</u> | <u>85,500</u> |
| Other provisions | | | | |
| Warranty provisions | <u>440,843</u> | <u>643,557</u> | <u>440,843</u> | <u>643,557</u> |
| Aggregate amounts | <u>520,743</u> | <u>729,057</u> | <u>520,743</u> | <u>729,057</u> |

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

20. PROVISIONS FOR LIABILITIES - continued

| Group | Deferred tax £ | Warranty provision £ |
|--|-------------------------------|-------------------------------------|
| Balance at 1 September 2019 | 85,500 | 643,557 |
| Credit to Income Statement during year | <u>(5,600)</u> | <u>(202,714)</u> |
| Balance at 31 August 2020 | <u>79,900</u> | <u>440,843</u> |

| Company | Deferred tax £ | Warranty provision £ |
|--|-------------------------------|-------------------------------------|
| Balance at 1 September 2019 | 85,500 | 643,557 |
| Credit to Income Statement during year | <u>(5,600)</u> | <u>(202,714)</u> |
| Balance at 31 August 2020 | <u>79,900</u> | <u>440,843</u> |

The warranty provision is provided to cover the estimated future costs of repair work required under the contracts of warranty sales which are still in place at the balance sheet date. Not all the warranties sold will require any remedial work therefore the estimated future costs is based on an estimate of the percentage of sales which will make a successful claim and an estimate of cost of the remedial work which will be required.

21. CALLED UP SHARE CAPITAL

4,000,000 0.025% non redeemable Preference shares of £1 each were allotted and fully paid in consideration for the transfer by the allottees of 90% of the entire issued share capital of Goball Limited, at par during the year.

The above allotted, issued and fully paid share capital is divided between 260 'A', 260 'B', 30 'C', 50 'D', 400 'E' ordinary shares and 4,000,000 0.025% non redeemable Preference shares.

All ordinary shares rank pari passu in respect of voting rights and distribution of capital (including winding up), except for the rights to pay varying rates of dividends. The preference shares have no voting rights.

22. RESERVES

| Group | Retained earnings £ |
|---------------------|------------------------------------|
| At 1 September 2019 | 15,083,435 |
| Profit for the year | 4,267,784 |
| Dividends | <u>(3,968,550)</u> |
| At 31 August 2020 | <u>15,382,669</u> |

MOTOR DEPOT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

22. RESERVES - continued

Company

| | Retained earnings £ |
|---------------------|---------------------------|
| At 1 September 2019 | 15,083,435 |
| Profit for the year | 4,571,893 |
| Dividends | <u>(3,968,550)</u> |
| At 31 August 2020 | <u>15,686,778</u> |

23. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. During the period the group has paid contributions into the pension scheme of £215,916 (2019 £145,462). Included in creditors at the period end is £68,456 (2019 £52,729) of outstanding contributions.

24. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

| | 2020 £ | 2019 £ |
|-------------------------------|-----------|---------------|
| Sales | 943,368 | 2,063,820 |
| Purchases | 2,581,227 | 24,664 |
| Amount due from related party | <u>-</u> | <u>33,578</u> |

The transactions above relate to Goball Ltd and are for the period before Goball Ltd became part of the group.

Key management personnel of the entity or its parent (in the aggregate)

| | 2020 £ | 2019 £ |
|-----------------------------|------------------|-----------|
| Amount due to related party | <u>1,580,000</u> | <u>-</u> |

During the year the group purchased Goball Ltd shares for £6,300,000 from the key management personnel.

Other related parties

| | 2020 £ | 2019 £ |
|-------------------------------|---------------|---------------|
| Purchases | 102,000 | 102,000 |
| Amount due from related party | 209,772 | 141,047 |
| Amount due to related party | <u>45,066</u> | <u>87,400</u> |

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are Mr & Mrs R J Wilkinson as at 31 August 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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26. BUSINESS COMBINATIONS

The Group acquired the trade and net assets, along with the entire issued share capital of Goball Limited on 3 March 2020 for a total consideration of £6,331,500 including costs. The purchase has been accounted for as an acquisition. The book value of Goball Ltd at this date was the same as the fair value and was £3,290,415. The resulting calculated goodwill on acquisition of Goball Limited was therefore £3,061,085.