

**GRAFISE HOLDINGS LIMITED**  
**Group Strategic Report,**  
**Directors' Report and**  
**Consolidated Financial Statements**  
**for the Year Ended 31 December 2019**



**GRAFISE HOLDINGS LIMITED**

**Contents of the Consolidated Financial Statements  
for the year ended 31 December 2019**

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**GRAFISE HOLDINGS LIMITED**  
**Company Information**  
**for the year ended 31 December 2019**

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**Directors:** C A Slaughter  
P Nott

**Secretary:** C A Slaughter

**Registered office:** 178 Buckingham Avenue  
Slough  
Berkshire  
SL1 4RD

**Registered number:** 04318009 (England and Wales)

**Auditors:** Haines Watts  
Chartered Accountants and Statutory Auditor  
178 Buckingham Avenue  
Slough  
Berkshire  
SL1 4RD

**GRAFISE HOLDINGS LIMITED**  
**Group Strategic Report**  
**for the year ended 31 December 2019**

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The directors present their strategic report of the company and the group for the year ended 31 December 2019.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

**Review of business**

The principal activity of Grafise Group Holdings Limited is that of an investment holding company and it holds investments in companies that trade Volvo motor vehicles. As one of the largest Volvo dealer groups operating in the UK, the group continues to deal in new and used motor vehicles, provide vehicle servicing and repairs and sell spare parts for Volvo vehicles. The group's activities are organised into the following five divisions:

- Sales of new vehicles
- Sales of used vehicles
- Sales of fleet vehicles
- Servicing and repairs
- Sales of spare parts

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover and gross margin.

The turnover of the group by division was as follows:

	2019	2018
	£'000	£'000
- Sales of new vehicles	28,731	32,592
- Sales of used vehicles	48,530	44,955
- Sales of fleet vehicles	28,844	30,482
- Servicing and repairs	5,006	6,407
- Sales of spare parts	6,033	7,419
- Other	1,063	1,057
	<u>118,207</u>	<u>122,913</u>

All divisions have performed well during the year given the continued competition from other dealerships and internet sales. During 2019 the group has continued to benefit from the strong Volvo product offer and in particular the new XC40 model. There are further products being added to the range in the future as Volvo continue to develop their range and are at the forefront of hybrid and electrified vehicle offerings. This leaves the group in a strong financial position at the end of the year with a positive outlook for the future.

Whilst the business environment in which we operate continues to be challenging and the car market in the UK remains highly competitive with pressure on margins a continual issue the Directors' remain confident that the group will continue to trade profitably and is actively seeking to invest in improvements and/or additions to facilities and staff over the next couple of years which despite the inevitable increases in operating costs are necessary to enable us to continue to grow our sales volumes and satisfy or exceed our customers' expectations.

Following the Covid-19 pandemic which led to the unfortunate closure of the business in line with Government directives on 26th March 2020 the directors have been encouraged by the demand and strong performance since reopening on 1st June 2020 and this along with government support measures, manufacturer support initiatives and the actions taken by the group to ensure trading can continue safely despite the restrictions on retailers leads the directors to believe that the group will continue to trade profitably for the foreseeable future and we anticipate similar levels of profitability for the current year.

The sale of the trade and assets of Squire Furneaux Maidenhead Limited completed in February 2019 and all debts were satisfactorily collected and any outstanding liabilities were paid. The conclusion of this transaction has enabled the directors to give added focus to the remaining businesses in Kent, Sussex and Surrey which we are confident will be beneficial.

**GRAFISE HOLDINGS LIMITED**  
**Group Strategic Report**  
**for the year ended 31 December 2019**

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**Principal risks and uncertainties**

The group's operations expose it to a variety of financial risks which include credit and liquidity. The group has in place risk management policies which are implemented by the group's finance department. These policies, which are consistent with those from the previous year, seek to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and related finance costs.

**Liquidity risk**

The group makes efforts to manage the financial risk by the monitoring of cash flow to ensure that the group is able to meet its foreseeable debts as they fall due and to invest any cash assets profitably. A mixture of long-term and short-term debt finance is designed to ensure the group has sufficient funds available for operations and planned expansions.

**Credit risk**

The group's principal financial assets are stock and trade debtors. The credit risk associated with stock is limited and therefore the principal credit risk arises from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed regularly by the directors together with the aged debtors and collection history.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

**On behalf of the board:**

  
.....  
C A Slaughter - Director

Date:

21/12/20

**GRAFISE HOLDINGS LIMITED**  
**Directors' Report**  
**for the year ended 31 December 2019**

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The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

**Principal activity**

The principal activity of the group in the year under review was that of a motor trader.

**Dividends**

No dividends will be distributed for the year ended 31 December 2019.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

C A Slaughter  
P Nott

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**On behalf of the board:**

.....  
C A Slaughter - Director

Date: .....

21/12/20

**Independent Auditors' Report to the Members of  
Grafise Holdings Limited**

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**Opinion**

We have audited the financial statements of Grafise Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 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 and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 December 2019 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in note 2 to the financial statements.

**Other information**

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

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

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

**Independent Auditors' Report to the Members of  
Grafise Holdings Limited**

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**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 Directors' Report.

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

A further description of our responsibilities for the audit of the financial statements is located on the 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.

**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.



Jane Wills (Senior Statutory Auditor)  
for and on behalf of Haines Watts  
Chartered Accountants and Statutory Auditor  
178 Buckingham Avenue  
Slough  
Berkshire  
SL1 4RD

Date: 21/12/20



GRAFISE HOLDINGS LIMITED

Consolidated Income Statement  
for the year ended 31 December 2019

	Notes	2019 Continuing £	2019 Discontinued £	2019 Total £
Turnover	3	111,685,489	6,521,013	118,206,502
Cost of sales		(105,390,002)	(6,265,094)	(111,655,096)
<b>Gross profit</b>		<b>6,295,487</b>	<b>255,919</b>	<b>6,551,406</b>
Administrative expenses		(4,132,406)	(183,322)	(4,315,728)
		2,163,081	72,597	2,235,678
Other operating income	4	104,266	-	104,266
<b>Operating profit</b>		<b>2,267,347</b>	<b>72,597</b>	<b>2,339,944</b>
Profit on sale of trade and assets	7	-	826,870	826,870
		2,267,347	899,467	3,166,814
Interest receivable and similar income		730,023	-	730,023
Amounts written off investments		-	-	-
Interest payable and similar expenses	8	(435,102)	(6,711)	(441,813)
<b>Profit before taxation</b>	9	<b>2,562,268</b>	<b>892,756</b>	<b>3,455,024</b>
Tax on profit	10	(505,965)	(117,368)	(623,333)
<b>Profit for the financial year</b>		<b>2,056,303</b>	<b>775,388</b>	<b>2,831,691</b>
Profit attributable to: Owners of the parent				<b>2,831,691</b>

The notes form part of these financial statements

GRAFISE HOLDINGS LIMITED

Consolidated Income Statement  
for the year ended 31 December 2019

	Notes	2018 Continuing £	2018 Discontinued £	2018 Total £
Turnover	3	122,913,174	-	122,913,174
Cost of sales		(115,853,319)	-	(115,853,319)
<b>Gross profit</b>		7,059,855	-	7,059,855
Administrative expenses		(4,470,614)	-	(4,470,614)
		2,589,241	-	2,589,241
Other operating income	4	41,469	-	41,469
<b>Operating profit</b>		2,630,710	-	2,630,710
Interest receivable and similar income		392,009	-	392,009
Amounts written off investments		-	-	-
Interest payable and similar expenses	8	(124,853)	-	(124,853)
<b>Profit before taxation</b>	9	2,897,866	-	2,897,866
Tax on profit	10	(2,047,180)	-	(2,047,180)
<b>Profit for the financial year</b>		850,686	-	850,686
Profit attributable to: Owners of the parent				850,686

The notes form part of these financial statements

**GRAFISE HOLDINGS LIMITED**  
**Consolidated Other Comprehensive Income**  
**for the year ended 31 December 2019**

	Notes	2019 £	2018 £
Profit for the year		2,831,691	850,686
Other comprehensive income		-	-
Total comprehensive income for the year		<u>2,831,691</u>	<u>850,686</u>
Total comprehensive income attributable to: Owners of the parent		<u>2,831,691</u>	<u>850,686</u>

The notes form part of these financial statements

GRAFISE HOLDINGS LIMITED (REGISTERED NUMBER: 04318009)

Consolidated Balance Sheet  
31 December 2019

	Notes	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Intangible assets	12		127,209		193,612
Tangible assets	13		278,083		472,267
Investments	14		239,513		239,513
			<u>644,805</u>		<u>905,392</u>
<b>Current assets</b>					
Stocks	15	8,228,778		8,303,451	
Debtors	16	11,759,267		8,565,510	
Cash at bank and in hand		<u>1,206,255</u>		<u>1,749,958</u>	
			<u>21,194,300</u>	<u>18,618,919</u>	
<b>Creditors</b>					
Amounts falling due within one year	17	<u>13,356,459</u>		<u>14,185,774</u>	
<b>Net current assets</b>			<u>7,837,841</u>		<u>4,433,145</u>
<b>Total assets less current liabilities</b>			<u>8,482,646</u>		<u>5,338,537</u>
<b>Creditors</b>					
Amounts falling due after more than one year	18		(862,619)		(546,370)
<b>Provisions for liabilities</b>	20		(949,148)		(952,979)
<b>Net assets</b>			<u>6,670,879</u>		<u>3,839,188</u>
<b>Capital and reserves</b>					
Called up share capital	21		9,618		9,618
Capital redemption reserve	22		20,000		20,000
Retained earnings	22		<u>6,641,261</u>		<u>3,809,570</u>
<b>Shareholders' funds</b>			<u>6,670,879</u>		<u>3,839,188</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21/12/20 and were signed on its behalf by:

C A Slaughter - Director

The notes form part of these financial statements

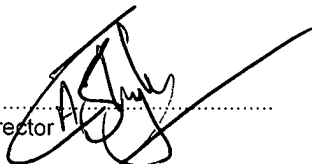
Company Balance Sheet  
31 December 2019

	Notes	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Intangible assets	12		-		-
Tangible assets	13		-		-
Investments	14		2,898,546		2,898,546
			<u>2,898,546</u>		<u>2,898,546</u>
<b>Current assets</b>					
Debtors	16	532,072		532,072	
<b>Creditors</b>					
Amounts falling due within one year	17	3,421,000		3,421,000	
<b>Net current liabilities</b>			<u>(2,888,928)</u>		<u>(2,888,928)</u>
<b>Total assets less current liabilities</b>			<u>9,618</u>		<u>9,618</u>
<b>Capital and reserves</b>					
Called up share capital	21		9,618		9,618
<b>Shareholders' funds</b>			<u>9,618</u>		<u>9,618</u>
Company's profit for the financial year			<u>-</u>		<u>-</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 21/12/20 and were signed on its behalf by:

C A Slaughter - Director



The notes form part of these financial statements

GRAFISE HOLDINGS LIMITED

Consolidated Statement of Changes in Equity  
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £
<b>Balance at 1 January 2018</b>	9,618	2,958,884	20,000
<b>Changes in equity</b>			
Total comprehensive income	-	850,686	-
<b>Balance at 31 December 2018</b>	9,618	3,809,570	20,000
<b>Changes in equity</b>			
Total comprehensive income	-	2,831,691	-
<b>Balance at 31 December 2019</b>	9,618	6,641,261	20,000
	<b>Total £</b>	<b>Non-controlling interests £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2018</b>	2,988,502	-	2,988,502
<b>Changes in equity</b>			
Total comprehensive income	850,686	-	850,686
<b>Balance at 31 December 2018</b>	3,839,188	-	3,839,188
<b>Changes in equity</b>			
Total comprehensive income	2,831,691	-	2,831,691
<b>Balance at 31 December 2019</b>	6,670,879	-	6,670,879

The notes form part of these financial statements

GRAFISE HOLDINGS LIMITED

Company Statement of Changes in Equity  
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	9,618	-	9,618
Changes in equity			
Balance at 31 December 2018	9,618	-	9,618
Changes in equity			
Balance at 31 December 2019	9,618	-	9,618

The notes form part of these financial statements

## GRAFISE HOLDINGS LIMITED

### Notes to the Consolidated Financial Statements for the year ended 31 December 2019

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#### 1. Statutory information

Grafise Holdings 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.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest pound.

##### **Going concern**

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures taken to mitigate the impact. Based on these assessments, given the measures undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

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

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

- the requirements of Section 7 Statement of Cash Flows.

##### **Basis of consolidation**

The financial statements consolidate the accounts of Grafise Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

##### **Significant judgements and estimates**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating bad debt provisions. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provision do not match the level of debts which ultimately prove to be uncollectable.

There is also estimation uncertainty in calculating stock provisions. Slow moving and obsolete stocks are monitored during the year. Whilst every attempt is made to ensure that the stock provisions are as accurate as possible, there remain a risk that the provisions do not match the ultimate unrealised value of stock held.

There is estimation uncertainty in calculating estimated useful life of tangible and intangible fixed assets. Estimated useful lives are based on management's knowledge of historic useful life of similar assets and industry averages. Whilst every attempt is made to ensure that the depreciation provision is as accurate as possible, there remains a risk that the depreciation provision does not match the actual life of the asset.

There is also estimation uncertainty in calculating deferred tax liability due to temporary timing differences. Unrelieved tax losses and other deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



## GRAFISE HOLDINGS LIMITED

### Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2019

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#### 2. Accounting policies - continued

##### Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Sales of motor vehicles and accessories are recognised on the earlier of full payment by, or delivery date to, the customer together with associated manufacturer vehicle bonus income. Any other manufacturer income in relation to achieving targets is recognised on an accrual basis. Servicing revenue is recognised on the completion of the agreed work.

##### Intangible assets

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

##### Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation on goodwill is provided on a 10% straight line basis.

##### Tangible fixed assets

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

Short leasehold	- 20% on cost
Plant and machinery	- 15% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 33% on cost
Computer equipment	- 25% on cost

##### Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### 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.

##### 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.

GRAFISE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019

2. Accounting policies - continued

**Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**Basic financial instruments**

A financial asset held as an equity instrument is recognised initially at the transaction price (including transaction costs).

At the end of each reporting period, unlisted equity investments are recorded at fair value, where appropriate, or at cost less impairment if their fair value cannot be reliably measured. Objective evidence of the impairment of financial assets is assessed at each period end and any impairment loss recognised in the profit or loss immediately. Impairment loss is calculated as the difference between the carrying amount of the instrument and the best estimate of the cash flows expected to be derived from the asset (including sales proceeds if sold) at the balance sheet date.

Investment income is recognised in the financial statements when the company becomes entitled to its share of profits from the financial instrument.

**Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Provisions**

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

3. Turnover

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

All turnover arose within the United Kingdom.

4. Other operating income

	2019	2018
	£	£
Finance commission	104,266	41,469

5. Employees and directors

	2019	2018
	£	£
Wages and salaries	5,102,785	6,143,625
Social security costs	476,178	388,429
Other pension costs	103,981	110,740
	5,682,944	6,642,794

**GRAFISE HOLDINGS LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019**

**5. Employees and directors - continued**

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

	2019	2018
Sales	42	57
Service and parts	95	129
Administration	20	22
	<u>157</u>	<u>208</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 157 (2018 - 208).

**6. Directors' emoluments**

	2019 £	2018 £
Directors' remuneration	216,549	224,420
Directors' pension contributions to money purchase schemes	9,625	3,500
	<u>226,174</u>	<u>227,920</u>

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	198,870	208,817
Pension contributions to money purchase schemes	9,625	3,500
	<u>208,495</u>	<u>212,317</u>

**7. Exceptional items**

	2019 £	2018 £
Profit on sale of trade and assets	826,870	-
	<u>826,870</u>	<u>-</u>

**8. Interest payable and similar expenses**

	2019 £	2018 £
Other loan interest payable	116,202	124,853
Interest payable to HMRC	325,611	-
	<u>441,813</u>	<u>124,853</u>

**9. Profit before taxation**

The profit is stated after charging:

	2019 £	2018 £
Hire of plant and machinery	13,475	14,826
Other operating leases	644,932	795,584
Depreciation - owned assets	46,011	87,371
Goodwill amortisation	66,403	66,403
Auditor's remuneration	67,902	65,403
	<u>838,723</u>	<u>929,587</u>

**GRAFISE HOLDINGS LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019**

**10. Taxation**

**Analysis of the tax charge**

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

	2019 £	2018 £
Current tax:		
UK corporation tax	639,566	572,063
Under/(over) tax provision	-	(1,176)
EFRB settlement	-	1,484,674
Total current tax	639,566	2,055,561
Deferred tax	(16,233)	(8,381)
Tax on profit	623,333	2,047,180

**Reconciliation of total tax charge included in profit and loss**

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

	2019 £	2018 £
Profit before tax	3,455,024	2,897,866
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	656,455	550,595
Effects of:		
Expenses not deductible for tax purposes	7,861	6,914
Adjustments to tax charge in respect of previous periods	1,157	(1,176)
EFRB settlement	-	1,484,674
Other timing differences	17,519	6,173
Group relief	(48,246)	-
Profit on sale of trade and assets	(11,413)	-
Total tax charge	623,333	2,047,180

**11. 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.

GRAFISE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019

12. Intangible fixed assets

Group		Goodwill £
<b>Cost</b>		
At 1 January 2019		
and 31 December 2019		658,485
<b>Amortisation</b>		
At 1 January 2019		464,873
Amortisation for year		66,403
At 31 December 2019		531,276
<b>Net book value</b>		
At 31 December 2019		127,209
At 31 December 2018		193,612

13. Tangible fixed assets

Group				Fixtures and fittings £
	Short leasehold £	Plant and machinery £		
<b>Cost</b>				
At 1 January 2019	179,285	1,406,862		1,106,307
Additions	-	33,741		64,635
Disposals	(179,285)	(512,392)		(418,350)
At 31 December 2019	-	928,211		752,592
<b>Depreciation</b>				
At 1 January 2019	179,285	1,190,460		850,442
Charge for year	-	24,778		20,130
Eliminated on disposal	(179,285)	(385,322)		(280,224)
At 31 December 2019	-	829,916		590,348
<b>Net book value</b>				
At 31 December 2019	-	98,295		162,244
At 31 December 2018	-	216,402		255,865

GRAFISE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019

13. Tangible fixed assets - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
<b>Cost</b>			
At 1 January 2019	12,647	184,643	2,889,744
Additions	-	18,647	117,023
Disposals	(32,782)	-	(1,142,809)
At 31 December 2019	(20,135)	203,290	1,863,958
<b>Depreciation</b>			
At 1 January 2019	12,647	184,643	2,417,477
Charge for year	-	1,103	46,011
Eliminated on disposal	(32,782)	-	(877,613)
At 31 December 2019	(20,135)	185,746	1,585,875
<b>Net book value</b>			
At 31 December 2019	-	17,544	278,083
At 31 December 2018	-	-	472,267

14. Fixed asset investments

Group

	Equity instruments £
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	239,513
<b>Net book value</b>	
At 31 December 2019	239,513
At 31 December 2018	239,513

Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	2,898,546
<b>Net book value</b>	
At 31 December 2019	2,898,546
At 31 December 2018	2,898,546

**GRAFISE HOLDINGS LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019**

**14. Fixed asset investments - continued**

**Principal subsidiaries**

<b>Company name</b>	<b>Country</b>	<b>% Shareholding</b>	<b>Description</b>
Grafise Limited	England and Wales	100	Volvo dealership
Squire Furneaux Maidenhead Limited	England and Wales	100	Volvo dealership
Squire Furneaux Cobham Limited	England and Wales	100	Volvo dealership

**15. Stocks**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Goods for resale</b>	<b>8,228,778</b>	<b>8,303,451</b>

**16. Debtors: amounts falling due within one year**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	3,106,267	2,878,990	-	-
Amounts owed by group undertakings	2,130,000	-	532,072	532,072
Other debtors	5,229,987	4,287,214	-	-
Prepayments and accrued income	1,293,013	1,399,306	-	-
	<u>11,759,267</u>	<u>8,565,510</u>	<u>532,072</u>	<u>532,072</u>

**17. Creditors: amounts falling due within one year**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 19)	-	110,000	-	-
Other loans (see note 19)	139,960	69,960	-	-
Trade creditors	2,662,012	2,546,045	-	-
Amounts owed to group undertakings	4,694,828	4,359,160	3,421,000	3,421,000
Amounts owed to participating interests	77,509	77,509	-	-
Tax	400,059	431,101	-	-
Social security and other taxes	403,103	500,981	-	-
VAT	211,202	440,141	-	-
Other creditors	2,300,456	3,008,610	-	-
Accruals and deferred income	2,467,330	2,642,267	-	-
	<b>13,356,459</b>	<b>14,185,774</b>	<b>3,421,000</b>	<b>3,421,000</b>

The bank loan is secured by a cross guarantee with other group companies and legal charges over the properties held by group companies.

Within other creditors is a vehicle funding balance of £2,164,796 (2018: £2,893,577) which is secured over the stock items to which it relates.

**GRAFISE HOLDINGS LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019**

**18. Creditors: amounts falling due after more than one year**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loans (see note 19)	-	275,000
Other loans (see note 19)	355,536	133,870
Accruals and deferred income	507,083	137,500
	<u>862,619</u>	<u>546,370</u>

The bank loan is secured by a cross guarantee with other group companies and legal charges over the properties held by group companies.

**19. Loans**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year or on demand:</b>		
Bank loans	-	110,000
Other loans	139,960	69,960
	<u>139,960</u>	<u>179,960</u>
<b>Amounts falling due between one and two years:</b>		
Bank loans - 1-2 years	-	110,000
Other loans - 1-2 years	145,536	69,960
	<u>145,536</u>	<u>179,960</u>
<b>Amounts falling due between two and five years:</b>		
Bank loans - 2-5 years	-	165,000
Other loans - 2-5 years	210,000	63,910
	<u>210,000</u>	<u>228,910</u>

**20. Provisions for liabilities**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred tax		
Accelerated capital allowances	38,522	54,755
	<u>38,522</u>	<u>54,755</u>
Other provisions	910,626	898,224
	<u>910,626</u>	<u>898,224</u>
Aggregate amounts	<u>949,148</u>	<u>952,979</u>



**GRAFISE HOLDINGS LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019**

**20. Provisions for liabilities - continued**

Group	Deferred tax £
Balance at 1 January 2019	54,755
Credit to Income Statement during year	(16,233)
Balance at 31 December 2019	<u>38,522</u>

The other provision relates to a Unfunded Unapproved Retirement Benefit pension for the directors.

**21. Called up share capital**

Allotted and issued:		Nominal	2019	2018
Number:	Class:	value:	£	£
9,618	Ordinary	£1	<u>9,618</u>	<u>9,618</u>

**22. Reserves**

Group	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	3,809,570	20,000	3,829,570
Profit for the year	<u>2,831,691</u>		<u>2,831,691</u>
At 31 December 2019	<u>6,641,261</u>	<u>20,000</u>	<u>6,661,261</u>

**23. Pension commitments**

The Group operates a defined contribution pension scheme for the benefit of directors and senior employees. The assets of the scheme are administered by trustees in funds which are independent from those of the Group.

The total contribution paid in the year amounted to £94,356 (2018: £110,740).

**24. Guarantees**

Grafise Holdings Limited and its subsidiaries provided a cross guarantee to National Westminster Bank PLC in respect of C S Astra Limited bank loans up to £3,900,000.

**GRAFISE HOLDINGS LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2019**

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**25. Related party disclosures**

The company has taken advantage of the exemption available under FRS102 not to disclose transactions with 100% group subsidiaries.

Included within other debtors is a loan to a director for £420,646 (2018: £7,404) and included within creditors is nil owed to a director (2018: £24,000). At the balance sheet date interest of £12,252 (2018: £216) has been charged to the director.

Also included in debtors is £2,130,000 (2018: nil) owed by the parent company. Included in creditors is £4,694,828 (2018: £4,359,160) owed to the parent company.

The company rents a property from the Slaughter Retirement Benefit Trust, a pension scheme in which the directors are Trustees. During the course of the year, the company was charged £135,000 (2018: £135,000) by the pension scheme.

The company also rents a property from Squire Furneaux LLP, a subsidiary of the parent company. During the course of the year, the company was charged £130,000 (2018: £130,000) by the LLP.

Included in creditors is £157,722 (2018: £157,722) owed to companies controlled by a director. There was no movement on these balance during the year.

**26. Ultimate controlling party**

The immediate parent company is CS Astra Limited.

The ultimate controlling party is Charles Slaughter.