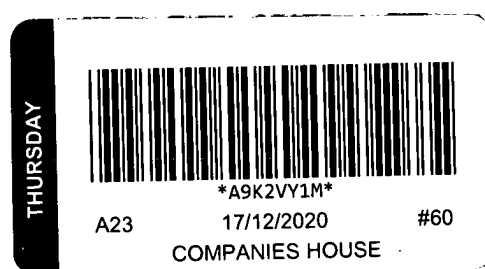


Company Registration No. 05551063 (England and Wales)

**LIPSCOMB HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **LIPSCOMB HOLDINGS LIMITED**

## **COMPANY INFORMATION**

---

<b>Directors</b>	Mr P W Barnes Mr M A L Barnes
<b>Secretary</b>	Mrs D A Barnes
<b>Company number</b>	05551063
<b>Registered office</b>	3-4 Bower Terrace Tonbridge Road Maidstone Kent ME16 8RY
<b>Auditor</b>	Dendy Neville Limited 3-4 Bower Terrace Tonbridge Road Maidstone Kent ME16 8RY
<b>Business address</b>	Performance House Forstal Road Aylesford Kent ME20 7XA

---

# **LIPSCOMB HOLDINGS LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 7
Group statement of comprehensive income	8
Group and company balance sheets	9 - 10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Company statement of cash flows	14
Notes to the financial statements	15 - 31

---

# **LIPSCOMB HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present the strategic report for the year ended 31 December 2019.

#### **Section 172 Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

During the financial year the directors have acted in a manner that they believe has the best interests of the company and its stakeholders as the main driving force behind all decisions taken. This includes the interests of its employees, customers, suppliers, business and manufacturer partners and the shareholders along with the wider community and the environment. The company's reputation is central to its core when making decisions as is acting fairly and in good faith to promote the long-term success of the business.

#### **Employees**

The group aims to be a responsible and fair employer treating all colleagues equally and with respect and to provide fair remuneration and benefits. Health & Safety is of the highest priority and is regularly reviewed at meetings.

#### **Suppliers and business partners**

There is a regular dialogue with our manufacturer partners to ensure the group adheres to brand requirements and objectives. Suppliers are monitored to ensure relevant regulations are being met and a consistent supply chain.

#### **Customers**

The satisfaction and welfare of our customers is paramount and the directors instil this message throughout the workforce underlining their core values 'Lipscomb - The Car People Who Care'. Continuous training and customer satisfaction monitoring is undertaken to ensure the highest level of customer engagement, retention and satisfaction within the business.

#### **Shareholders**

The directors work closely with the shareholders with regular reviews informing them of key business initiatives and investments throughout the year and through regular monthly financial updates. Actions of the directors are taken with the long-term benefit of the shareholders in mind.

#### **Wider community and environment**

The directors are aware of the impact of the group's operations within the local community and on the environment and consider these factors when taking decisions and making investments.

# **LIPSCOMB HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

---

#### **Fair review of the business**

The group profit before taxation for the year ended 31 December 2019 was £1.186 million from a turnover of £59.3 million as shown on page 8. This compares with profit before taxation for the year ended 31 December 2018 of £825.6k from a turnover of £58.3 million.

The company subsidiary maintained its volume aspirations in 2019 despite the UK new car market being down 2.4% over 2018. Its manufacturer partners experienced mixed fortunes with this further decline in the market but used cars remained strong as did after-sales. Turnover grew from £58.3 million to £59.3 million supported by the strong after-sales performance, whilst gross profit fell by 0.3% year on year.

The subsidiary operating profit of £125.7k is a reduction on the prior year (2018: £565.7k), partly as a result of increased direct costs operating the franchises combined with the impending relocation of both its Volvo business in Canterbury and Fiat Abarth business in Ashford. Taking these distractions into account, the directors were pleased with the overall performance of the business which continued to enjoy a good relationship with its manufacturer partners.

The company realised a profit on the sale of a property in December 2019, funds from which assisted in funding the completion of its new car dealership development in Canterbury which commenced in 2019 and was subsequently completed in summer 2020, see note 4 and the related party's transactions note.

The cost of arranging alternative funding and increased interest charges are accounted for in these accounts.

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

The principal risk to the company is the volatility in the new car market and continued pressure on margins whilst maintaining franchise facility standards during the transitional period with new developments. However, the company have taken steps to secure both short and long-term funding with new banking facilities.

As we approach the start of 2021, COVID-19 continues to be a risk to the business although the directors are optimistic that the future financial impact will not be too great.

Uncertainties surrounding Brexit continue as we approach the end of the transitional period on 31 December 2020 and a 'Hard Brexit' looks more likely. The directors are confident that the group is well positioned in terms of finances and manufacturer partners to cope with this change.

#### **Future developments**

A new 'state of the art' Volvo dealership was opened in Canterbury in summer 2020 being delayed by COVID-19 and the subsidiary company relocated its Ashford Fiat/Abarth business to the vacated Volvo premises alongside the new site creating a hub as with their successful Maidstone business which sits on a 2.5-acre purpose-built development. Negotiations were also subsequently concluded to expand the Fiat Chrysler representation from this centralised facility including Fiat Professional vans to serve East Kent spreading the costs of operation which has been well received.

Like many businesses, the group has been affected in 2020 by the impact of COVID-19. The subsidiary company has received Government support in the form of the Coronavirus Job Retention Scheme and the directors are pleased with the way management and employees have adapted in these difficult times. Despite the financial cost that COVID-19 has had on the business together with a considerable franchise relocation exercise the group has overall continued to trade profitably during 2020.

Planning permission has also been submitted in respect of the Ashford premises for the development of 65 flats for affordable housing on the site. The intention is then to sell this location with full planning permission in 2021 to a developer.

The group has recently arranged new banking facilities to consolidate existing parent company loans for freehold following completion of the new Canterbury development and to provide the cash flow requirements for the subsidiary company to further grow the business profitably in the future.

#### **Key performance indicators**

The financial key performance indicators are considered to be gross profit, net profit and retained reserves, details of which are provided on pages 8 and 9.

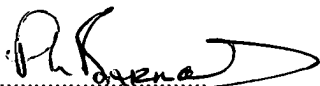
# LIPSCOMB HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

On behalf of the board



.....  
Mr P.W. Barnes

Director

15-12-2020  
.....

# **LIPSCOMB HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their annual report and financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the company continued to be that of a holding company. The principal activity of the group continued to be that of motor dealers and engineers.

#### **Directors**

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

Mr P W Barnes  
Mr M A L Barnes

#### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £141,340.

#### **Financial instruments**

##### ***Liquidity risk***

The group manages its cash and borrowing requirements in order to minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### ***Credit risk***

The group's credit risk relates to bank loans, and stocks held under consignment agreements. These facilities are secured against assets owned by the group.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 group and company, 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 UK 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 group and company will continue in business.

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

# LIPSCOMB HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

### Information referred to in the strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

On behalf of the board



Mr P W Barnes  
Director

Date: 15-12-2020



# LIPSCOMB HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LIPSCOMB HOLDINGS LIMITED

---

#### Opinion

We have audited the financial statements of Lipscomb Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Cash Flows 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 FRS 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 the parent company's 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 Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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 our audit:

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

# **LIPSCOMB HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LIPSCOMB HOLDINGS 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**David Hill BA FCA (Senior Statutory Auditor)**  
for and on behalf of Dendy Neville Limited

15-12-20  
.....

**Chartered Accountants**  
**Statutory Auditor**

3-4 Bower Terrace  
Tonbridge Road  
Maidstone  
Kent  
ME16 8RY

# LIPSCOMB HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	59,326,307	58,377,400
Cost of sales		(53,860,017)	(52,840,514)
<b>Gross profit</b>		5,466,290	5,536,886
Administrative expenses		(4,806,621)	(4,657,752)
Other operating income		122,117	166,307
Profit/(loss) on disposal of tangible assets	<b>4</b>	647,170	-
<b>Operating profit</b>	<b>5</b>	1,428,956	1,045,441
Interest payable and similar expenses	<b>9</b>	(242,756)	(219,830)
<b>Profit before taxation</b>		1,186,200	825,611
Tax on profit	<b>10</b>	(138,389)	(170,225)
<b>Profit for the financial year</b>		1,047,811	655,386

Total comprehensive income for the year is all attributable to the owners of the parent company.

The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# LIPSCOMB HOLDINGS LIMITED

## GROUP AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2019

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Fixed assets</b>					
Tangible assets	12	10,878,735	7,500,322	10,686,229	7,817,047
Investments	13	-	-	159,020	144,265
		<u>10,878,735</u>	<u>7,500,322</u>	<u>10,845,249</u>	<u>7,961,312</u>
<b>Current assets</b>					
Stocks	15	8,718,985	10,598,867	-	-
Debtors	16	1,055,480	1,192,808	392,683	-
Cash at bank and in hand		293,516	1,250	-	-
		<u>10,067,981</u>	<u>11,792,925</u>	<u>392,683</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	17	(14,539,267)	(14,374,110)	(4,203,279)	(3,077,516)
<b>Net current liabilities</b>		<u>(4,471,286)</u>	<u>(2,581,185)</u>	<u>(3,810,596)</u>	<u>(3,077,516)</u>
<b>Total assets less current liabilities</b>		<u>6,407,449</u>	<u>4,919,137</u>	<u>7,034,653</u>	<u>4,883,796</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(372,786)	-	(3,400,000)	(2,000,000)
<b>Provisions for liabilities</b>	21	(489,300)	(295,000)	(438,300)	(265,000)
<b>Net assets</b>		<u>5,545,363</u>	<u>4,624,137</u>	<u>3,196,353</u>	<u>2,618,796</u>
<b>Capital and reserves</b>					
Called up share capital	23	950	950	950	950
Other reserves	24	59,020	44,265	59,020	44,265
Capital redemption reserve		5,000	5,000	5,000	5,000
Profit and loss reserves		5,480,393	4,573,922	3,131,383	2,568,581
<b>Total equity</b>		<u>5,545,363</u>	<u>4,624,137</u>	<u>3,196,353</u>	<u>2,618,796</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £704,142 (2018 - £443,775 profit).

# **LIPSCOMB HOLDINGS LIMITED**

## **GROUP AND COMPANY BALANCE SHEETS (CONTINUED)**

**AS AT 31 DECEMBER 2019**

---

The financial statements were approved by the board of directors and authorised for issue on 15-12-2020 and are signed on its behalf by:



Mr P W Barnes  
Director

**Company Registration No. 05551063**

# LIPSCOMB HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>		950	5,000	29,510	4,060,568	4,096,028
<b>Year ended 31 December 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	655,386	655,386
Dividends	11	-	-	-	(142,032)	(142,032)
Credit to equity for equity settled share-based payments	24	-	-	14,755	-	14,755
<b>Balance at 31 December 2018</b>		950	5,000	44,265	4,573,922	4,624,137
<b>Year ended 31 December 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	1,047,811	1,047,811
Dividends	11	-	-	-	(141,340)	(141,340)
Credit to equity for equity settled share-based payments	24	-	-	14,755	-	14,755
<b>Balance at 31 December 2019</b>		950	5,000	59,020	5,480,393	5,545,363

# LIPSCOMB HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>		950	5,000	29,510	2,266,838	2,302,298
<b>Year ended 31 December 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	443,775	443,775
Dividends	11	-	-	-	(142,032)	(142,032)
Credit to equity for equity settled share-based payments	24	-	-	14,755	-	14,755
<b>Balance at 31 December 2018</b>		950	5,000	44,265	2,568,581	2,618,796
<b>Year ended 31 December 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	704,142	704,142
Dividends	11	-	-	-	(141,340)	(141,340)
Credit to equity for equity settled share-based payments	24	-	-	14,755	-	14,755
<b>Balance at 31 December 2019</b>		950	5,000	59,020	3,131,383	3,196,353

# LIPSCOMB HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	31	3,269,497		1,187,700	
Interest paid		(345,356)		(219,830)	
Income taxes paid		(169,586)		(135,725)	
<b>Net cash inflow from operating activities</b>		<u>2,754,555</u>		<u>832,145</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,813,306)		(957,298)	
Proceeds on disposal of tangible fixed assets		<u>1,150,000</u>		<u>9,571</u>	
<b>Net cash used in investing activities</b>		(2,663,306)		(947,727)	
<b>Financing activities</b>					
Proceeds from borrowings		350,000		-	
Repayment of borrowings		(160,287)		(191,009)	
Proceeds of new bank loans		1,080,000		-	
Repayment of bank loans		(750,204)		(249,332)	
Payment of finance leases obligations		-		(1,014)	
Dividends paid to equity shareholders		<u>(141,340)</u>		<u>(142,032)</u>	
<b>Net cash generated from/(used in) financing activities</b>		<u>378,169</u>		<u>(583,387)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>469,418</u>		<u>(698,969)</u>	
Cash and cash equivalents at beginning of year		(175,902)		523,067	
<b>Cash and cash equivalents at end of year</b>		<u><u>293,516</u></u>		<u><u>(175,902)</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		293,516		1,250	
Bank overdrafts included in creditors payable within one year		<u>-</u>		<u>(177,152)</u>	



# LIPSCOMB HOLDINGS LIMITED

## COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	32	2,680,409		1,282,597	
Interest paid		(311,613)		(160,288)	
Income taxes paid		(72,110)		(60,454)	
<b>Net cash inflow from operating activities</b>		<u>2,296,686</u>		<u>1,061,855</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,635,142)		(875,491)	
Proceeds on disposal of tangible fixed assets		1,150,000		5,000	
Dividends received		-		200,000	
<b>Net cash used in investing activities</b>		<u>(2,485,142)</u>		<u>(670,491)</u>	
<b>Financing activities</b>					
Proceeds of new bank loans		1,080,000		-	
Repayment of bank loans		(750,204)		(249,332)	
Dividends paid to equity shareholders		(141,340)		(142,032)	
<b>Net cash generated from/(used in) financing activities</b>		<u>188,456</u>		<u>(391,364)</u>	
<b>Net increase in cash and cash equivalents</b>		-		-	
Cash and cash equivalents at beginning of year		-		-	
<b>Cash and cash equivalents at end of year</b>		<u>-</u>		<u>-</u>	

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

#### Company information

Lipscomb Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 3-4 Bower Terrace, Tonbridge Road, Maidstone, Kent, ME16 8RY. The principal place of business is Performance House, Forstal Road, Aylesford, Kent, ME20 7XA.

The group consists of Lipscomb Holdings Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination.

The consolidated financial statements incorporate those of Lipscomb Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.5 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation.

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line on buildings
Land and buildings Leasehold	Over the terms of the leases or 10 years straight line
Plant and machinery	20% straight line
Fixtures, fittings & equipment	15-25% straight line
Motor vehicles	25% straight line

No depreciation is provided in respect of freehold land.

Freehold properties held by the parent company for use within the trade of the subsidiary company and not acquired for investment purposes are classified as tangible fixed assets and not investment properties.

#### 1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

#### 1.7 Stocks

Vehicle stocks are stated at the lower of cost and estimated selling price less costs to complete and sell having regard to Cap Clean value and post year end sales. Vehicle stocks include new vehicles held under consignment agreements on the basis that the risks and rewards of ownership have significantly transferred to the group.

Parts stocks are included at cost less provision for obsolescence and slow moving items.

#### 1.8 Financial instruments

The group has elected to apply the recognition and measurement provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances are measured at transaction price.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable or receivable and deferred tax.

##### *Current tax*

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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.

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.11 Share-based payments

Certain directors of the subsidiary company, Lipscomb Cars Limited, participate in equity settled share based payments granted by Lipscomb Holdings Limited. Equity settled share based payments are measured at estimated fair value at the date of the grant taking into account the terms and conditions upon which the awards were granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

#### 1.12 Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's 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.

The accounting policies set out the basis of estimates and judgements made during preparation of the financial statements. There are no material judgements or estimates which affect the financial statements.

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Vehicles	51,266,918	50,533,405
Parts and servicing	8,059,389	7,843,995
	<u>59,326,307</u>	<u>58,377,400</u>

The total turnover of the group for the year has been derived from its principal wholly undertaken in the United Kingdom.

### 4 Exceptional item

	2019 £	2018 £
Profit/(loss) on disposal of tangible fixed assets	<u>647,170</u>	<u>-</u>

On 20 December 2019 the company disposed of a property. Further details are provided in the related party transactions note.

### 5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	180,159	182,121
Profit on disposal of tangible fixed assets	-	(4,571)
Share-based payments	14,755	14,755
Operating lease charges	<u>97,329</u>	<u>106,334</u>

### 6 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	5,000	5,000
Audit of the financial statements of the company's subsidiaries	20,000	20,000
	<u>25,000</u>	<u>25,000</u>
<b>For other services</b>		
Taxation compliance services	4,500	4,600
Other taxation services	2,900	2,900
All other non-audit services	22,600	21,500
	<u>30,000</u>	<u>29,000</u>

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	<b>Group 2019 Number</b>	<b>2018 Number</b>	<b>Company 2019 Number</b>	<b>2018 Number</b>
Administration	32	32	3	3
Servicing	47	48	-	-
Sales	29	28	-	-
<b>Total</b>	<b>108</b>	<b>108</b>	<b>3</b>	<b>3</b>

Their aggregate remuneration comprised:

	<b>Group 2019 £</b>	<b>2018 £</b>	<b>Company 2019 £</b>	<b>2018 £</b>
Wages and salaries	3,119,330	3,068,881	17,190	16,811
Social security costs	303,186	308,717	2,283	2,220
Pension costs	136,291	148,698	48,998	65,500
	<b>3,558,807</b>	<b>3,526,296</b>	<b>68,471</b>	<b>84,531</b>

### 8 Directors' remuneration

	<b>2019 £</b>	<b>2018 £</b>
Remuneration for qualifying services	109,631	94,917
Company pension contributions to defined contribution schemes	6,281	4,536
	<b>115,912</b>	<b>99,453</b>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	106,108	104,649
Other interest on financial liabilities	133,368	108,987
	<u>239,476</u>	<u>213,636</u>
<b>Other finance costs:</b>		
Other interest	3,280	6,194
	<u>242,756</u>	<u>219,830</u>

### 10 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(48,691)	170,000
Adjustments in respect of prior periods	(7,220)	(4,775)
	<u>(55,911)</u>	<u>165,225</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	182,900	5,000
Changes in tax rates	31,300	-
Tax losses carried forward	(19,900)	-
	<u>194,300</u>	<u>5,000</u>
<b>Total tax charge</b>	<u>138,389</u>	<u>170,225</u>

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>1,186,200</u>	<u>825,611</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	225,378	156,866
Tax effect of expenses that are not deductible in determining taxable profit	2,590	3,629
Adjustments in respect of prior years	(7,196)	-
Effect of change in corporation tax rate	31,300	-
Permanent capital allowances in excess of depreciation	(711)	4,422
Depreciation on assets not qualifying for tax allowances	10,746	10,690
Under/(over) provided in prior years	(24)	(4,775)
Other tax adjustments	(732)	(607)
Rolled over gains not taxable	(122,962)	-
Taxation charge	<u>138,389</u>	<u>170,225</u>

### 11 Dividends

	2019 £	2018 £
Ordinary dividends paid	<u>141,340</u>	<u>142,032</u>



# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 January 2019	8,390,151	259,736	535,702	622,560	25,938	9,834,087
Additions	3,740,750	-	217,782	102,870	-	4,061,402
Disposals	(604,278)	-	(18,826)	(42,384)	-	(665,488)
At 31 December 2019	11,526,623	259,736	734,658	683,046	25,938	13,230,001
<b>Depreciation and impairment</b>						
At 1 January 2019	1,120,290	258,436	477,593	468,570	8,876	2,333,765
Depreciation charged in the year	95,495	678	24,276	53,226	6,484	180,159
Eliminated in respect of disposals	(101,448)	-	(18,826)	(42,384)	-	(162,658)
At 31 December 2019	1,114,337	259,114	483,043	479,412	15,360	2,351,266
<b>Carrying amount</b>						
At 31 December 2019	10,412,286	622	251,615	203,634	10,578	10,878,735
At 31 December 2018	7,269,861	1,300	58,109	153,990	17,062	7,500,322

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

Company	Land and buildings Freehold £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 January 2019	8,900,823	1,499	8,902,322
Additions	3,740,750	-	3,740,750
Disposals	(857,335)	-	(857,335)
At 31 December 2019	11,784,238	1,499	11,785,737
<b>Depreciation and impairment</b>			
At 1 January 2019	1,083,776	1,499	1,085,275
Depreciation charged in the year	99,642	-	99,642
Eliminated in respect of disposals	(85,409)	-	(85,409)
At 31 December 2019	1,098,009	1,499	1,099,508
<b>Carrying amount</b>			
At 31 December 2019	10,686,229	-	10,686,229
At 31 December 2018	7,817,047	-	7,817,047

The carrying value of land and buildings includes freehold land which is not depreciated of :

	Group 2019 £	2018 £	Company 2019 £	2018 £
Freehold land	3,401,662	4,101,970	3,248,648	3,798,648

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2019 £	2018 £	Company 2019 £	2018 £
Plant and machinery	178,111	-	-	-
Depreciation charge for the year in respect of leased assets	-	-	-	-

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	-	-	159,020	144,265

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2019	144,265
Additions	14,755
At 31 December 2019	159,020
<b>Carrying amount</b>	
At 31 December 2019	159,020
At 31 December 2018	144,265

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Lipscomb Cars Limited	3-4 Bower Terrace, Tonbridge Road, Maidstone, Kent, ME16 8RY	Motor dealers and engineers	Ordinary	100.00

### 15 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	8,718,985	10,598,867	-	-

Vehicle stocks include £6,582,834 (2018 - £7,799,545) of new vehicles held under consignment agreements.

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£	£	£	£
Trade debtors	556,878	1,046,261	-	-
Corporation tax recoverable	56,097	-	56,097	-
Other debtors	221,986	-	221,986	-
Prepayments and accrued income	220,519	146,547	114,600	-
	<u>1,055,480</u>	<u>1,192,808</u>	<u>392,683</u>	<u>-</u>

### 17 Creditors: amounts falling due within one year

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Bank loans and overdrafts	19	3,215,134	3,062,490	3,215,134	2,885,338
Obligations under finance leases	20	26,369	-	-	-
Other borrowings	19	70,000	136,954	-	-
Trade creditors		3,086,065	2,494,837	-	-
Amounts owed to group undertakings		-	-	707,245	62,200
Taxation and social security		555,249	308,092	2,259	103,702
Other creditors		6,732,834	7,799,545	150,000	-
Accruals and deferred income		853,616	572,192	128,641	26,276
		<u>14,539,267</u>	<u>14,374,110</u>	<u>4,203,279</u>	<u>3,077,516</u>

Other creditors includes amounts due in respect of consignment stocks as detailed in note 15 above.

Consignment stocks amounting to £4,217,355 (2018 - £5,045,615) are secured by a debenture over all assets of the company.

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Obligations under finance leases	20	116,119	-	-	-
Other borrowings	19	256,667	-	3,400,000	2,000,000
		<u>372,786</u>	<u>-</u>	<u>3,400,000</u>	<u>2,000,000</u>

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 19 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	3,215,134	2,885,338	3,215,134	2,885,338
Bank overdrafts	-	177,152	-	-
Loans from group undertakings	-	-	3,400,000	2,000,000
Other loans	326,667	136,954	-	-
	<u>3,541,801</u>	<u>3,199,444</u>	<u>6,615,134</u>	<u>4,885,338</u>
Payable within one year	3,285,134	3,199,444	3,215,134	2,885,338
Payable after one year	<u>256,667</u>	<u>-</u>	<u>3,400,000</u>	<u>2,000,000</u>

Bank loans includes a loan with a balance outstanding of £2,135,134 which carries interest at 2.4% above LIBOR and is repayable by quarterly instalments of £62,333 with a balancing payment due in November 2020. A further loan with a balance outstanding of £1,080,000 carries interest at a standard rate of 0.95% per month and is repayable in full in November 2020, and this loan is secured by personal guarantees provided by Mr P W Barnes (a director of the company) and his wife. Both loans are secured on properties owned by the group and current and future assets of the group.

Other loans includes an amount totalling £326,667 which is repayable in 60 monthly instalments commencing in August 2019. Interest is charged at the rate of 1.54% per annum flat.

### 20 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	31,114	-	-	-
In two to five years	124,455	-	-	-
	<u>155,569</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(13,081)	-	-	-
	<u>142,488</u>	<u>-</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Net obligations under finance lease are secured by fixed charges on the assets concerned.

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
<b>Group</b>		
Accelerated capital allowances	509,200	295,000
Tax losses	(19,900)	-
	<u>489,300</u>	<u>295,000</u>
	Liabilities 2019 £	Liabilities 2018 £
<b>Company</b>		
Accelerated capital allowances	458,200	265,000
Tax losses	(19,900)	-
	<u>438,300</u>	<u>265,000</u>
	Group 2019 £	Company 2019 £
<b>Movements in the year:</b>		
Liability at 1 January 2019	295,000	265,000
Charge to profit or loss	163,000	142,000
Effect of change in tax rate - charge to profit or loss	31,300	31,300
	<u>489,300</u>	<u>438,300</u>

The amount of the deferred tax liability set out above which is expected to reverse within 12 months of the balance sheet date is £8,000 and relates to accelerated capital allowances that are expected to reverse within the same period.

#### 22 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>136,291</u>	<u>148,698</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 23 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
950 Ordinary shares of £1 each	950	950

#### 24 Reserves

##### Other reserves

Other reserves relates to a share based payment reserve. Certain directors of the subsidiary company, Lipscomb Cars Limited, participate in equity settled share-based payments granted by Lipscomb Holdings Limited. During the period ended 31 December 2016, 44 options were granted and these were all outstanding at the 31 December 2019. Options are exercisable at a price of £478 per share and the vesting period is estimated to be nine years, with a maximum expiration period of ten years. Options are forfeited if the individual leaves the subsidiary company before the options vest.

The group recognised total expenses of £14,755 (2018 - £14,755) relating to the share option scheme for the year ended 31 December 2019.

#### 25 Financial commitments, guarantees and contingent liabilities

During the year Lipscomb Holdings Limited has provided a Guarantee and Indemnity in respect of a hire purchase agreement entered into by its subsidiary Lipscomb Cars Limited. At the 31 December 2019 this guarantee amounted to £142,488.

The group has an indemnity line of £200,000 provided by its bankers in respect of a bond over certain consignment stocks.

#### 26 Operating lease commitments

##### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	174,000	89,000	-	-
Between two and five years	454,667	203,667	-	-
In over five years	340,000	-	-	-
	<u>968,667</u>	<u>292,667</u>	<u>-</u>	<u>-</u>

Included within the above are annual lease payments of £85,000 for the period to December 2028 in respect of a property occupied by Lipscomb Cars Limited.

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Acquisition of tangible fixed assets	<u>237,977</u>	<u>-</u>	<u>237,977</u>	<u>-</u>

### 28 Events after the reporting date

A new 'state of the art' Volvo dealership was opened in Canterbury in summer 2020 and the subsidiary company relocated its Ashford Fiat/Abarth business to the vacated Volvo premises alongside the new site. Negotiations were also subsequently concluded to expand the Fiat Chrysler representation from this centralised facility.

Like many businesses, the group has been affected in 2020 by the impact of COVID-19. The subsidiary company has received Government support in the form of the Coronavirus Job Retention Scheme and the directors are pleased with the way management and employees have adapted in these difficult times.

The group has recently arranged new banking facilities to consolidate existing parent company loans for freehold following completion of the new Canterbury development and to provide the cash flow requirements for the subsidiary company to further grow the business profitably in the future.

Uncertainties surrounding Brexit continue as we approach the end of the transitional period on 31 December 2020 and a 'Hard Brexit' looks more likely. The directors are confident that the group is well positioned in terms of finances and manufacturer partners to cope with this change.

### 29 Related party transactions

In December 2019, Lipscomb Holdings Limited sold a property to a Self Invested Personal Pension Scheme of which a director, Mr P W Barnes and his wife are beneficiaries. The property was sold for £1,150,000 which was the market value arrived at by independent professional valuers. This property was then leased back to Lipscomb Cars Limited at a rate of £85,000 per annum on a lease running until 2028.

### 30 Controlling party

The ultimate controlling party is Mr P W Barnes.



# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 31 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	1,047,811	655,386
Adjustments for:		
Taxation charged	138,389	170,225
Finance costs	242,756	219,830
Gain on disposal of tangible fixed assets	(647,170)	(4,571)
Depreciation and impairment of tangible fixed assets	180,159	182,121
Equity settled share based payment expense	14,755	14,755
Movements in working capital:		
Decrease/(increase) in stocks	1,879,882	(1,314,813)
Decrease/(increase) in debtors	368,011	(57,778)
Increase in creditors	44,904	1,322,545
<b>Cash generated from operations</b>	<b>3,269,497</b>	<b>1,187,700</b>

### 32 Cash generated from operations - company

	2019 £	2018 £
Profit for the year after tax	704,142	443,775
Adjustments for:		
Taxation charged	116,813	71,454
Finance costs	209,013	160,288
Investment income	-	(200,000)
Gain on disposal of tangible fixed assets	(378,074)	-
Depreciation and impairment of tangible fixed assets	99,642	98,991
Movements in working capital:		
(Increase)/decrease in debtors	(233,986)	169,665
Increase in creditors	2,162,859	538,424
<b>Cash generated from operations</b>	<b>2,680,409</b>	<b>1,282,597</b>

# LIPSCOMB HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 33 Analysis of changes in net debt - group

	1 January 2019 £	Cash flows £	New finance leases £	31 December 2019 £
Cash at bank and in hand	1,250	292,266	-	293,516
Bank overdrafts	(177,152)	177,152	-	-
	(175,902)	469,418	-	293,516
Borrowings excluding overdrafts	(3,022,292)	(519,509)	-	(3,541,801)
Obligations under finance leases	-	-	(142,488)	(142,488)
	(3,198,194)	(50,091)	(142,488)	(3,390,773)

### 34 Analysis of changes in net debt - company

	1 January 2019 £	Cash flows £	31 December 2019 £
Borrowings excluding overdrafts	(2,885,338)	(329,796)	(3,215,134)