

REGISTERED NUMBER: NI013173 (Northern Ireland)

Agnew Commercials Limited
Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31 December 2020

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Agnew Commercials Limited

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for the Year Ended 31 December 2020**

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Agnew Commercials Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity and business review

The Company's principal activity during the year comprised the operation of motor dealerships involving the sale, maintenance and repair of motor vehicles and the supply of related accessories.

The Company's profit before tax for the year was £3,537,000 (2019: £3,194,000). Further details with regard to the trading results for the year and the amount transferred to reserves are set out in the profit and loss account and also in key performance indicators below.

The Company's net assets as at 31 December 2020 were £12,013,000 (2019: £9,219,000).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to competition from both franchise and independent retailers and colleague retention.

The business focuses on offering customers competitively priced cars and aftersales services with consistently high standards of customer service.

The recruitment and retention of colleagues is essential in motor retail and is a key focus for the business.

The UK left the European Union ("Brexit") in January 2020 and entered into a transition period. On 31 December 2020 the transition period ended and the UK left the EU single market and customs union. The European Union (Future Relationship) Act received Royal assent on 30 December 2020 and the EU-UK Trade and Cooperation Agreement was signed on the same date by the UK Government and the EU. The EU agreed to provisional application of the agreement pending a consent vote by EU Parliament in 2021. The EU parliament ratified the agreement on 28 April 2021 which means that the agreement applies permanently from 1 May 2021. The terms of the Trade and Cooperation Agreement allow continuing free trade between the UK and the EU, however, the new rules in place for import and export could slow parts or vehicles originating in the EU for distribution to our dealerships in the UK.

In March 2020, the World Health Organisation described the global spread of the new Coronavirus (or COVID-19) as a pandemic. During the year and continuing into 2021 the UK has been subject to a number of national lockdowns along with targeted localised lockdowns in a bid to control the transmission of the virus. The lockdowns have disrupted the trade of the Company in particular when dealerships have been required to close car showrooms as part of the closure of non-essential retail outlets, although the Company has been able to keep workshops open. The Company has utilised the cash flow assistance measures and support announced by the government including deferral of taxation payments, business rates holiday and furlough of employees through the Coronavirus job retention scheme. The vaccine programme along with the lockdowns having a positive impact on the level of transmission however, the full impact that COVID-19 will have on the Company are difficult to predict due to numerous uncertainties including the duration of the outbreak, the effectiveness of measures taken to contain the disease, the effect of the government assistance measures described above, and other unintended consequences. The impact could include changes to customer demand; our relationship with, and the financial operational capabilities of, vehicle manufacturers, finance providers and other suppliers; workforce availability; risks associated with borrowing facilities; the adequacy of our cash flow and earnings; disruptions to our technology network and other critical systems or equipment.

Further discussion of these risks and uncertainties, in the context of the Sytner Group as a whole, is provided in the strategic report for Sytner Group Limited, which does not form part of this report.

Agnew Commercials Limited

Strategic Report for the Year Ended 31 December 2020

Section 172(1) statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172(1) of the Companies Act 2006 and are given below:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to;

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

The Company is a wholly owned subsidiary of Sytner Group Limited (Sytner Group Limited and all subsidiaries to be referred to as "the Group"). The Group holds the same aim which is to be "famous for delighting our colleagues, customers, manufacturers and shareholders". Directors of the holding company Sytner Group Limited are also Directors of this Company. The Group operate under the same corporate governance structure as the holding company, the Group being managed as a whole at board level. The Directors review key risk factors faced by the Company and Group and these are discussed above and in context of the Group as a whole, in the strategic report for Sytner Group Limited, which does not form part of this report. The Directors delegate day to day decision making to key employees of the Company through a prescribed operating framework and monitor performance continually through regular meetings and performance review. The Directors are able to access professional advice on any part of their duties should they need further guidance.

The Directors understand that exceptional customer service can only be consistently delivered by attracting, motivating, training and retaining the very best team members, our Delighting Colleagues ethos "developing talent, building careers" supporting this. The Company and Group are keen to ensure employees reach their potential and have designed development programmes and courses to support this.

The Company and Group strive to deliver an exceptional customer experience. Every member of the team is expected to contribute to the delivery of outstanding customer experiences and to earn repeat and referral business. This approach is supported by our framework in delighting Customers - "Getting it right, making it special". The Company collects and analyses feedback from its customers in order to ensure best practise is being applied at each location and should a customer not be satisfied or have any concerns there is a robust system in place to manage that process. The Company and Group also monitors its performance on online feedback forums including Trustpilot and Google.

The Company operates franchised motor car dealerships. Without a franchise the Company would not be able to source new car stock or perform service warranty repairs. Maintaining an excellent working relationship with our franchise partners is critical to the success of the Company, and Group, and is fostered by both the Directors and employees within the Company.

In their decision making the Directors have regard to the impact of the Company operations in the local community and the environment. As well as making the Company and Group a great place to work for our colleagues, the Directors want to ensure that we are making a difference in our local communities and all companies within the Group are challenged to make a commitment to local charities and community initiatives.

The Company's ultimate parent company Penske Automotive Group Inc, is listed on the NYSE and is subject to strict monitoring and processing controls as prescribed by the Sarbanes-Oxley Act of 2002. Each dealership is subject to regular internal audits the results of which are reported to the Penske Automotive Group audit committee.

Agnew Commercials Limited**Strategic Report
for the Year Ended 31 December 2020****Key performance indicators**

The Company's key financial and other performance indicators during the year were as follows

	2020	2019	Change
	£000	£000	%
Turnover	98,474	107,576	(8.5%)
Gross Profit	13,649	15,496	(11.9%)
Gross Profit %	13.9%	14.4%	
	Units	Units	
New vehicle sales	1,166	1,376	(15.3%)
Used vehicle sales - retail	1,965	2,022	(2.8%)

The decrease in turnover and gross profit can be attributed to COVID-19 and the resulting trading restrictions experienced by the Company.

The Company is part of the Sytner Group. The development, performance and position of the group, which includes this Company, is provided in the strategic report for Sytner Group Limited, which does not form part of this report.

Going concern

The Directors have considered the appropriateness of the going concern assumption in light of the economic and market climate and with regard to the impact of the Coronavirus pandemic and have formed the conclusion that there is a reasonable expectation that the Company will continue to operate in the foreseeable future, being a period of at least 12 months from the date of the signing and approving of these financial statements. The Company, and all legal entities within the Group, are party to the same banking arrangement, the Company is guarantor to the arrangement by way of a cross guarantee in favour of the lenders. The Directors have considered and reviewed, at Group level, forecast compliance with bank covenants and headroom availability during this period and do not forecast to be in breach of the covenants, or exceeding borrowing limits, at any of the test points. As such, the Directors have a reasonable expectation that there are no material uncertainties and continue to adopt the going concern assumption in the preparation of the financial statements.

During 2021, the Company has continued to take advantage of cash flow assistance measures and support announced by the government as a result of the Coronavirus pandemic, including deferral of taxation payments and business rates relief.

Whilst the Coronavirus pandemic is ongoing at the date of this report, the current level of business disruption is significantly less than that experienced immediately after the March 2020 lockdown, the Directors consider that the ongoing business impact of the Coronavirus pandemic is likely to be less dramatic going forward, than the first wave of infections in 2020.

The Directors believe that the Company has sufficient funds available to support its activities in the future.

Agnew Commercials Limited

**Strategic Report
for the Year Ended 31 December 2020**

Future developments

The Company's focus for the future is to organically grow the business, along with its franchise partners, and to progress acquisitions where opportunities arise.

The Company is part of the Sytner Group and further discussion regarding the Group's development is provided in the strategic report for Sytner Group Limited, which does not form part of this report.

Approved by the board and signed on its behalf by:



A Collinson - Director

17 September 2021

Agnew Commercials Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2020.

Dividends

An interim dividend of £Nil (2019: £Nil) was paid during the year. The directors do not recommend the payment of a final dividend (2019: £Nil).

Future developments

Details of future developments can be found in the Strategic report and form part of the report by cross reference.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

A Collinson
R Dobson
Y Magee
T J Taggart

Political donations and expenditure

The Company made no political donations or incurred any political expenditure during the year.

Financial risk management

Cash Flow risk

The Company is part of the Sytner Group and its cash flow risks are managed at Group level. The Group is financed by bank loans and stocking loans with interest rates linked to either the prevailing base rate or Libor. We do not undertake significant active hedging of this risk. As a result, the Group and Company's interest cost is affected by moving base rates.

Credit risk

The Company's principal financial assets are bank balances, cash, trade and other debtors.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of any provisions for amounts identified as being doubtful of recovery.

The credit risk on liquid funds is limited as the counterparts are banks with positive credit ratings.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers.

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long term and short term finance.

Engagement with suppliers, customers and others

Details of engagement with Suppliers, Customers and other can be found in the Strategic Report under Section 172(1) statement and form part of this report by cross reference.

Streamlined energy and carbon reporting

The Company is a subsidiary of Sytner Group Limited and the energy and carbon reporting requirements for the Company form part of the consolidated reporting included in the Directors' report for Sytner Group Limited, which does not form part of this report.

Agnew Commercials Limited

**Directors' Report
for the Year Ended 31 December 2020**

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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 company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf by:



A Collinson - Director

17 September 2021

Agnew Commercials Limited

**Directors' Responsibilities Statement
for the Year Ended 31 December 2020**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditor's Report to the Members of
Agnew Commercials Limited**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Agnew Commercials Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Agnew Commercial Limited

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included regulatory solvency requirements and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house/external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

**Independent Auditor's Report to the Members of
Agnew Commercials Limited**

Report on other legal and regulatory requirements

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 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

DocuSigned by:

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Peter Gallimore FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

21 September 2021

Agnew Commercials Limited**Profit and loss account and other comprehensive income
for the Year Ended 31 December 2020**

	Notes	2020 £'000	2019 £'000
TURNOVER	4	98,474	107,576
Cost of sales		(84,825)	(92,080)
GROSS PROFIT		13,649	15,496
Distribution costs		(7,064)	(7,713)
Administrative expenses		(3,656)	(4,117)
		2,929	3,666
Other operating income	5	991	-
		3,920	3,666
Interest payable and similar expenses	8	(383)	(472)
PROFIT BEFORE TAXATION	9	3,537	3,194
Tax on profit	10	(743)	(652)
PROFIT FOR THE FINANCIAL YEAR		2,794	2,542
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,794	2,542

The notes on pages 14 to 25 form part of these financial statements

Agnew Commercials Limited (Registered number: NI013173)**Balance Sheet
31 December 2020**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	12	2,531	2,764
CURRENT ASSETS			
Stocks	13	17,769	22,218
Debtors: amounts falling due within one year	14	10,884	10,760
Cash in hand		1	1
		<u>28,654</u>	<u>32,979</u>
CREDITORS			
Amounts falling due within one year	15	(19,141)	(26,507)
NET CURRENT ASSETS		<u>9,513</u>	<u>6,472</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,044	9,236
PROVISIONS FOR LIABILITIES	18	(31)	(17)
NET ASSETS		<u>12,013</u>	<u>9,219</u>
CAPITAL AND RESERVES			
Called up share capital	19	50	50
Profit and loss account		<u>11,963</u>	<u>9,169</u>
SHAREHOLDERS' FUNDS		<u>12,013</u>	<u>9,219</u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2021 and were signed on its behalf by:



A Collinson - Director

The notes on pages 14 to 25 form part of these financial statements

Agnew Commercials Limited**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2019	50	11,268	11,318
Changes in equity			
Dividends	-	(4,641)	(4,641)
Total comprehensive income	-	2,542	2,542
Balance at 31 December 2019	50	9,169	9,219
Changes in equity			
Total comprehensive income	-	2,794	2,794
Balance at 31 December 2020	50	11,963	12,013

The notes on pages 14 to 25 form part of these financial statements

Agnew Commercials Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1. General information

Agnew Commercials Limited, (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Northern Ireland. The Company's registered office address is 18 Boucher Way, Belfast, BT12 6RE.

The principal activities of the Company and the nature of the Company's operations are set out in the strategic report on page 1.

The functional and presentation currency of these financial statements is sterling because that is the currency of the primary economic environment in which the Company operates. All amounts in the financial statements have been rounded to the nearest £1,000.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

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.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Penske Automotive Group, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments.
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on page 1. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future, for a period of at least 12 months from the date of signing and approving of these financial statements. The Company, and all legal entities within the Group, are party to the same banking arrangement, the Company is guarantor to the arrangement by way of a cross guarantee in favour of the lenders. The Directors have considered and reviewed, at Group level, forecast compliance with bank covenants and headroom availability during this period and do not forecast to be in breach of the covenants, or exceeding borrowing limits, at any of the test points. As such, the Directors have a reasonable expectation that there are no material uncertainties and continue to adopt the going concern assumption in the preparation of the financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Agnew Commercials Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. Accounting policies - continued

Turnover

Turnover, which arises wholly in the United Kingdom from the Company's principal activity, being that of the operation of motor dealerships, is the amount derived from the provision of goods and services falling within the Company's ordinary activities after deduction of trade discounts and value added tax.

Turnover is recognised in most cases on despatch of vehicles and parts and after service work is completed. In some instances, a customer may pay in full for the vehicle and accept responsibility for it but request that the company retains possession of the vehicle for delivery at a specified later date. Turnover is recognised on these transactions at the point of payment as the Company believes that the risks and rewards of ownership have substantially transferred.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold property - 50 years

Short leasehold - over lease term

Fixtures and equipment and motor vehicles - between 3 and 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Government grants

Grants received under the Coronavirus job retention scheme are recorded as other income. The grants have been accounted for on an accruals basis as and when the Company's eligibility to receive the grants has been established.

Stocks

Stocks, excluding vehicle parts stock, are stated at the lower of cost and net realisable value and include interest bearing consignment vehicles. Cost incurred in bringing each product to its present location and condition is based on purchase price less trade discounts. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Consignment stock are considered to be under the control of the Company and are included in stock on the balance sheet as the Company has the significant risks and rewards of ownership even though legal title has not yet passed. The corresponding liability is included in creditors.

Vehicle parts stock is stated at average cost.

Agnew Commercials Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. Accounting policies - continued

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Investments in subsidiaries, jointly controlled entities and associates

Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment changes recognised in other comprehensive income in accordance with FRS 102.17.15.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Pension costs and other post-retirement benefits

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

Agnew Commercials Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. Accounting policies - continued

Expenses and other income

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest payable and similar expenses

Interest payable and similar expenses include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Interest receivable and similar income

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income is recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Company.

At the acquisition date, the Company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102 section 27 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Agnew Commercials Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

2. Accounting policies - continued

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that may have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

There are no critical judgements to disclose.

Key sources of estimation uncertainty

Deferred tax

Determining income tax provisions involves an assessment of the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made estimations as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

Stocks

The assessment of the net realisable value of stocks utilises market knowledge and history of recent activity, whilst this is deemed to be appropriate it is possible that ultimate sales return will vary from those assumed.

Agnew Commercials Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****4. Turnover**

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

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

	2020	2019
	£'000	£'000
Sale of vehicles	89,076	96,693
Aftersales	9,398	10,883
	<u>98,474</u>	<u>107,576</u>

5. Other operating income

	2020	2019
	£'000	£'000
Grants recognised under the Coronavirus Job Retention Scheme	991	-
	<u>991</u>	<u>-</u>

6. Staff numbers and costs

	2020	2019
	£'000	£'000
Wages and salaries	5,018	5,352
Social security costs	461	488
Other pension costs	134	166
	<u>5,613</u>	<u>6,006</u>

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

	2020	2019
Workshop staff	93	99
Sales and distribution	58	60
Administration	40	43
	<u>191</u>	<u>202</u>

Agnew Commercials Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****7. Directors' emoluments**

	2020	2019
	£'000	£'000
Directors' emoluments for services to the company	731	696
Pension contributions	10	10
	<u>741</u>	<u>706</u>
Remuneration of the highest paid director (excluding pension contributions)	341	322
Pension contributions of the highest paid director	10	10
	<u>351</u>	<u>332</u>
The number of directors who are members of the money purchase pension scheme	2	2
	<u>2</u>	<u>2</u>

The directors' remuneration disclosed is not included in staff costs above as the directors are not remunerated by this Company and no charge has been made for the services provided, the costs and their average number being included in the financial statements Isaac Agnew Holdings Limited or for A. Collinson in Sytner Group Limited. The same is true for the prior year.

The directors who served during the year are all directors of an intermediate parent company, Isaac Agnew (Holdings) Limited and are remunerated by that company, with the exception of A Collinson who is remunerated by Sytner Group Limited. The company is not charged for the services provided by the directors, all costs being included in the financial statements of Isaac Agnew Holdings Limited or for A Collinson in Sytner Group Limited; the above disclosures represent the amount that would be allocated to the company were they to be charged.

8. Interest payable and similar expenses

	2020	2019
	£'000	£'000
Bank interest	219	237
Stocking loan interest	164	235
	<u>383</u>	<u>472</u>

9. Profit before taxation

The profit is stated after charging:

	2020	2019
	£'000	£'000
Depreciation - owned assets	373	384
Loss on disposal of fixed assets	-	1
Operating lease rentals	968	977
	<u>1,341</u>	<u>1,362</u>

The audit fee for the audit of the financial statements for the current and prior year has been borne on this company's behalf by another group company, for which no recharge has been made. Were the audit fee to be recharged the charge to this company would be £6,000 (2019 - £5,000).

Amounts receivable by the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's intermediate parent Sytner Group Limited.

Agnew Commercials Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****10. Taxation****Analysis of the tax charge**

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

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	729	662
Adjustment in respect of previous years	-	(16)
Total current tax	<u>729</u>	<u>646</u>
Deferred tax:		
Origination of timing differences	3	(4)
Effect of change in tax rate	3	-
Adjustment in respect of previous years	8	10
Total deferred tax	<u>14</u>	<u>6</u>
Tax on profit	<u><u>743</u></u>	<u><u>652</u></u>

Reconciliation of total tax charge included in profit and loss

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

	2020 £'000	2019 £'000
Profit before tax	<u>3,537</u>	<u>3,194</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	672	607
Effects of:		
Expenses not deductible for tax purposes	60	51
Adjustments to tax charge in respect of previous periods	8	(6)
Change in rate on deferred tax balances	3	-
Total tax charge	<u><u>743</u></u>	<u><u>652</u></u>

Factors that may affect future current and total tax charges

An increase in the UK corporation tax rate from 17% to 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020. Deferred tax balances at 31 December 2020 are measured at a rate of 19%. However, in the March 2021 Budget it was announced that the UK corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances at 31 December 2020 continue to be measured at 19%. If the amended tax rate of 25% had been used, the deferred tax liability would have been £10,000 higher.

Due to the mature and stable nature of the company's business, we do not expect the gross value of the deferred tax assets and liabilities to materially change during the year ended 31 December 2021.

Agnew Commercials Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****11. Dividends**

	2020	2019
	£'000	£'000
Ordinary shares of £1 each		
Interim	-	4,641
	<u> </u>	<u> </u>

12. Tangible fixed assets

	Short leasehold £'000	Fixtures & equipment £'000	Motor vehicles £'000	Totals £'000
Cost				
At 1 January 2020	2,213	1,665	89	3,967
Additions	-	143	-	143
Disposals	-	(6)	-	(6)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2020	2,213	1,802	89	4,104
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 January 2020	356	801	46	1,203
Charge for year	152	198	23	373
Eliminated on disposal	-	(3)	-	(3)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2020	508	996	69	1,573
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 December 2020	1,705	806	20	2,531
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2019	1,857	864	43	2,764
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13. Stocks

	2020	2019
	£'000	£'000
Vehicles for resale	7,193	10,279
Consignment stock	9,890	11,177
Parts	686	762
	<u> </u>	<u> </u>
	17,769	22,218
	<u> </u>	<u> </u>

Vehicles for resale are pledged as security for stocking loans managed by the Company.

14. Debtors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade debtors	1,850	1,937
Amounts owed by parent company	8,872	8,493
Other debtors	158	284
Prepayments and accrued income	4	46
	<u> </u>	<u> </u>
	10,884	10,760
	<u> </u>	<u> </u>

Amounts owed by group undertakings are interest free, unsecured and are repayable on demand.

Agnew Commercials Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****15. Creditors: amounts falling due within one year**

	2020	2019
	£'000	£'000
Bank loans and overdrafts (see note 16)	5,191	11,606
Stocking loans	-	188
Trade creditors	1,207	587
Consignment stock liability	9,890	11,177
Amounts owed to other group entities	4	3
Corporation tax	365	331
Social security and other taxes	151	-
Value Added Tax	571	328
Other creditors	1,122	1,540
Accruals and deferred income	640	747
	<u>19,141</u>	<u>26,507</u>

The bank overdraft is secured by fixed and floating charges over the assets of the company.

The stocking loans are secured on the vehicles to which they relate and bear interest related to Finance House base rates.

Amounts owed to group undertakings are interest free, unsecured and are repayable on demand.

16. Loans

An analysis of the maturity of loans is given below:

	2020	2019
	£'000	£'000
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>5,191</u>	<u>11,606</u>

17. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£'000	£'000
Within one year	901	901
Between one and five years	3,602	3,602
In more than five years	5,832	6,732
	<u>10,335</u>	<u>11,235</u>

18. Provisions for liabilities

	2020	2019
	£'000	£'000
Deferred tax		
Accelerated capital allowances	<u>31</u>	<u>17</u>

Agnew Commercials Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****18. Provisions for liabilities - continued**

	Deferred tax £'000
Balance at 1 January 2020	17
Charge to Profit and loss account and other comprehensive income during year	14
	<hr/>
Balance at 31 December 2020	31
	<hr/> <hr/>

There are no assets on which deferred tax has not been recognised. The company does not anticipate any material reversal of the deferred tax liability above.

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the asset and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity in the Company.

19. Called up share capital**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
50,000	Ordinary	£1	50	50
			<hr/>	<hr/>

The shares have attached to them full voting rights, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the profit and loss account in the year they are incurred.

The total expense charged to profit or loss in the year ended 31 December 2020 was £134,000 (2019: £166,000). Outstanding contributions at the end of the financial year were £29,000 (2019: £34,000).

21. Ultimate parent company and controlling party

The company is a subsidiary undertaking and under the control of the ultimate parent company Penske Automotive Group, Inc., incorporated in Michigan, USA, registered office address 2555 Telegraph Road, Bloomfield Hills, Detroit, MI 48302, USA.

Penske Automotive Group, Inc. is the largest group in which the results of the company are consolidated. The consolidated financial statements are available from 2555 Telegraph Road, Bloomfield Hills, Detroit, MI 48302, USA.

The Company's immediate parent company is Isaac Agnew (Holdings) Limited incorporated in Northern Ireland, registered office address 18 Boucher Way, Belfast, BT12 6RE.

The smallest group in which the results are consolidated is that headed by Sytner Group Limited incorporated in England and Wales, registered office address 2 Penman Way, Grove Park, Leicester, LE19 1ST. The consolidated financial statements are available to the public from the registrar of companies.

Agnew Commercials Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

22. Commitments

The company is party to cross guarantees in respect of Sytner Group Limited and its subsidiaries in favour of certain lenders to the Group.

As at 31 December 2020 the gross borrowings outstanding under the Group's bank facilities in aggregate were £3,680,000 (2019: £125,000,000).

23. Post balance sheet events

In January 2021 the UK Prime Minister announced that England would again enter a period of lockdown. Scotland, Wales and Northern Ireland also being subject to lockdown albeit with rules set by local government. All retail outlets selling non-essential goods were required to close, as such all retail showrooms were closed until April 2021. The Company has continued to trade online arranging handover of vehicles via click and collect. Aftersales trading has continued as normal.

COVID-19 is a non-adjusting post balance sheet event and further discussion of its impact can be found in the strategic report.