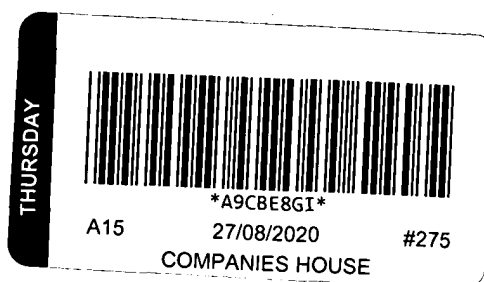


Vospers Motor House Limited
Annual Report and Financial Statements
Year Ended 31 December 2019
Registration number: 00496634



Vospers Motor House Limited

Contents

Strategic Report	1 to 4
Directors' Report	5 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 10
Statement of Income and Retained Earnings	11
Balance Sheet	12
Notes to the Financial Statements	13 to 30

Vospers Motor House Limited

Strategic Report for the Year Ended 31 December 2019

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

Principal activity

The principal activity of the company is trading as a motor dealer.

Fair review of the business

The company continues to invest in state of the art systems along with new modern dealerships and training and development for our employees. With increasing regulation and competition from the internet it is important we offer excellent service and advice to our customers. Last year we invested in a new company website from G-Forces that is now able to transact online vehicle sales including finance as we see this as a growing requirement from our customers.

The company made a trading profit before interest and tax of £1.5m (2018 - £1.8m).

The balance sheet position improved at year end with net assets of £21.7m (2018 - £21.5m).

The company is well placed for new opportunities that arise in our changing industry and is now representing Ford with two FordStores and regional representation for a number of other manufacturers. We now have extensive coverage in new technologies with our Brands and we have made significant investments in electric vehicle charging infrastructure. We are well placed to take advantage of the increased demand for electric and hybrid vehicles in 2020 and beyond. The Plymouth FordStore is now fully operational at Marsh Mills delivering a better level of profitability although unfortunately our FordStore at Matford experienced delays that meant our profitability suffered in Exeter. Additional costs were incurred as we were unable to exit our previous sites as quickly as expected including not being able to exit the lease at Marsh Barton which cost £260k a year. We have disposed of Hennock Road in August 2019 and we have signed a contract subject to planning for the sale of Honiton Road which will generate a surplus.

The board has been working with our manufacturer partners for some time in consolidating the number of our dealer points of representation which will create further operational efficiencies for us and take additional costs out of the business. We now have three state of the art hubs in prime retail locations that will allow us to satisfy customers changing demands. During the last year we have made a major change to the way we do business by combining the New and Used Sales Director roles into one Sales Director and also combining the Service and Parts Director role into one Aftersales Director.

These actions have also allowed the group to dispose of some properties which were surplus to our requirements and produce a profit on disposal in the group accounts. This has reduced our bank borrowings in the company from £14.7m in 2018 to £8.6m in 2019.

We have a level of uncertainty over the United Kingdom's exit from the EU and gaining an agreement on tariffs for the motor industry. However we are confident that this is in the interest of both parties.

The actions taken above have all been to ensure the long term survival of the company and the recent Covid-19 situation has now overtaken this. We have a very experienced Board of Directors that have been through many recessions previously and we have listed our Covid-19 actions below. In our Board meetings we discuss risk and talk about longer term opportunities. We make regular use of a team of trusted professional advisors. We are also shareholders in the Retail Automotive Alliance which currently consists of 26 retail motor dealers in the UK whose combined turnover is in the Top 5 and we are a buying group, share best practices and get inputs from industry leaders and advisors.

Vospers Motor House Limited

Strategic Report for the Year Ended 31 December 2019

Principal risks and uncertainties

Principal business risks facing the company are the loss of a key manufacturer and the general economic climate. The company, however, is supported by the fact it has good long-term relationships with its manufacturer partners and is regularly approached with new opportunities as a result of its proven high level of customer service and loyalty. The experience of the board of directors ensures that the company is able to navigate through good and bad economic times.

Due to the Covid-19 pandemic we acted upon government guidelines and temporarily closed the business apart from a skeleton service operation to look after South West Ambulance Service and Key Worker vehicles on Tuesday 24th March. During the lockdown period the Directors and key Group Managers worked remotely looking after the business and dealing with enquiries. Aftersales re-opened on Monday 18th May and Sales on Monday 1st June and we are now starting to rebuild the business. As a direct result of the pandemic our profitability at the end of April is £1.1m behind last year due to lost revenues.

Given the unprecedented situation the Vospers' group has taken a number of significant actions to mitigate the impact from a financial perspective and to ensure the health, safety and wellbeing of our employees and customers. Prior to and during lockdown we have undertaken the following actions:

- The setting up of a Covid-19 taskforce.
- The remote working of a number of our employees including shift work and staggered work patterns. Specific consideration has been given to vulnerable employees.
- The introduction of safe working practices and PPE for Covid-19 in excess of Government guidance following detailed risk assessments.
- Use of the Government's CJRS scheme to safeguard jobs and minimise losses. While demand is uncertain we will continue to utilise the CJRS to ensure our cost base matches demand.
- A strategic review of all our fixed costs including payroll to reduce them during this period including the closure of many of our premises apart from a Key Worker service.
- Ensuring that our liquidity is maximised through careful cashflow management which at the date of these accounts has put us in a strong cash position. We are currently £5m in credit on our overdraft facility of £9.3m giving us £14.3m headroom. During the total lockdown period prior to re-opening our cash burn rate was £0.5m a month.
- Production of detailed financial forecasts and regular communication with our funding partners including taking advice from our bank on the potential use of the CLBILS scheme.

We have an expectation that business levels for the remainder of this year could be challenging and the move to online channels and new working practices will enable us to make further cost savings. The SMMT is currently predicting that the car market for 2020 will be down by 27% but we hope that we will fare better than this because so far Covid-19 cases have been much lower in the south west than nationally. As with many other UK businesses we now face a number of challenges going forward and are constantly reviewing revenue and expense levels based on consumer confidence and government support and stimulus which is needed to see us through this period. Although forecasts for the new car market are down as a result of this pandemic there has been a reduction in Co2 emissions which should encourage the government to bring forward incentives to purchase new alternative fuelled vehicles and at the same time stimulate the market.

Vospers Motor House Limited

Strategic Report for the Year Ended 31 December 2019

The Directors remain confident that at the date of signing these accounts the company is still a going concern for many reasons including:

- Careful cashflow management and current available liquidity. Strong relationships with funders.
- Strong freehold property base valued at historical cost in the balance sheet with profitable disposal opportunities.
- Stress testing analysis of our budgeted revenues and costs.
- Repeat business from sales customers purchasing vehicles on finance.
- Aftersales business being retained with service plans and fleet contracts, vehicles needing annual MOT's and customers needing to keep servicing up to date so as to not invalidate their manufacturer vehicle warranty.
- Cars being recommended as the safest way to travel by the Prime Minister and poor public transport in our areas.
- Key regional partner for several vehicle manufacturers.

As a result of all these actions and some pent up demand our results in June saw a significant upturn in volumes of sales and a return to a level of profitability. We are preparing for a potential second wave and will need to see how this affects the industry taking a cautious approach to our ongoing cost base.

Section 172(1) statement

The Directors consider in good faith that they have complied with the requirements of Section 172(1)(a)-(f) of the Companies Act 2006 in their decision making and the performance of their duties. Key decisions are always discussed at Board level and collectively the Directors have around 200 years automotive industry experience.

We have a set of strategic objectives which are updated annually covering sales, customer satisfaction, financial controls, HR and other key KPI's that we are working towards as a Board. The aim of all these objectives is to build a sustainable business model and we continue to look for long term benefits to our actions. As a board we ensure legislative compliance in all areas to protect the business. Health and Safety, Financial Conduct Authority, HR and other areas are regularly reviewed amongst the Directors.

The strategic objectives are cascaded to our employees who are pivotal in driving the business forwards. We continue to work on our employee engagement through various initiatives and recognise the importance of their contribution towards the business.

We engage with all our key stakeholders on a regular basis and are very open with our communication style. This includes all our manufacturer partners and funders.

We view ourselves as being a key part of the local community that we operate in and have many sponsorship arrangements. We are also keen to protect our local environment by promoting new vehicle technologies, energy efficiency in our facilities and recycling our own waste.

Our behaviours are governed by an established set of core values with the acronym CAPRI. This stands for Care, Accountability, Performance, Respect and Integrity which creates a high standard of behaviour and professionalism in all our dealings with suppliers, customers and the local community.

As a Board we act fairly to our shareholders and seek to generate long term value.

Vospers Motor House Limited

Strategic Report for the Year Ended 31 December 2019

Approved by the Board on 18/8/20 and signed on its behalf by:

Mr P G Vesper
Director

Vospers Motor House Limited

Directors' Report for the Year Ended 31 December 2019

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

Directors of the company

The directors who held office during the year were as follows:

Mr P G Vosper

Mr N J Vosper

Mr M D Haslam

Mr P J Tremain

Mr P A Rogers - Company secretary and director

Mr B Darnell (resigned 12 July 2019)

Mr N Tickner

Financial risk management objectives and policies

The company considers the major financial risks of the business to be linked to liquidity, cash flow and cyclical changes in the economy. The company mitigates these risks by carefully managing cash, stock and debt levels through forecasting and budgeting. The company also maintains close contact with its funders keeping them informed of developments and changes within the business. The experience of management enables the company to respond to changes in the economy and to adapt the company's strategy accordingly.

Employment of disabled persons

Full and fair consideration is given to any application for employment made by disabled persons and regard is given to their particular skills and abilities. This takes into account the specific demands of the job, location and company operations. Consideration is given to the continuing employment of any existing employee who becomes disabled and, wherever practicable, to providing alternative employment with suitable retraining.

Employee involvement

Vospers is an equal opportunities employer and we value our people. We encourage open two way communication through various forums that operate within the organisation. Our up-to-date mission statement and core values are available on request from our head office at Marsh Mills, Plymouth. The company invests heavily in training in order to meet manufacturer standards in all areas of the business. Internal training is used not only to train specific skills but also to develop company awareness. Regular informal briefing sessions are held by the directors and various managers to outline the company's developments and departmental issues.

Going concern

The financial statements have been prepared on a going concern basis. See the strategic report for discussion of the impact of the coronavirus pandemic on the company.

Vospers Motor House Limited

Directors' Report for the Year Ended 31 December 2019

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 18/8/20 and signed on its behalf by:

.....
Mr P G Vosper
Director

Vospers Motor House Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 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; and
- 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.

Vospers Motor House Limited

Independent Auditor's Report to the Members of Vospers Motor House Limited

Opinion

We have audited the financial statements of Vospers Motor House Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 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 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.

Vospers Motor House Limited

Independent Auditor's Report to the Members of Vospers Motor House Limited

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

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

Vospers Motor House Limited

Independent Auditor's Report to the Members of Vospers Motor House Limited

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.



.....
Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date: 19/08/2020

Vospers Motor House Limited

Statement of Income and Retained Earnings

Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	256,498,953	248,175,353
Cost of sales		<u>(235,583,667)</u>	<u>(227,965,369)</u>
Gross profit		20,915,286	20,209,984
Administrative expenses		<u>(32,018,346)</u>	<u>(30,563,060)</u>
Other operating income	4	<u>12,578,686</u>	<u>12,160,825</u>
Operating profit	5	1,475,626	1,807,749
Interest receivable and similar income	9	464,484	161,925
Interest payable and similar charges	10	<u>(1,641,376)</u>	<u>(996,247)</u>
Profit before tax		298,734	973,427
Taxation	11	<u>(85,944)</u>	<u>(229,426)</u>
Profit for the financial year		212,790	744,001
Retained earnings brought forward		<u>21,474,949</u>	<u>20,730,948</u>
Retained earnings carried forward		<u><u>21,687,739</u></u>	<u><u>21,474,949</u></u>

Vospers Motor House Limited

Balance Sheet

31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	58,041	37,823
Tangible assets	13	9,725,803	15,045,442
Investments	14	100	100
		<u>9,783,944</u>	<u>15,083,365</u>
Current assets			
Stocks	15	68,792,502	59,061,438
Debtors	16	41,226,109	49,446,067
Cash at bank and in hand		64,428	6,254
		<u>110,083,039</u>	<u>108,513,759</u>
Creditors: Amounts falling due within one year	17	<u>(94,360,687)</u>	<u>(87,040,473)</u>
Net current assets		<u>15,722,352</u>	<u>21,473,286</u>
Total assets less current liabilities		25,506,296	36,556,651
Creditors: Amounts falling due after more than one year	17	(3,259,675)	(14,523,384)
Provisions for liabilities	20	<u>(518,882)</u>	<u>(518,318)</u>
Net assets		<u>21,727,739</u>	<u>21,514,949</u>
Capital and reserves			
Called up share capital		40,000	40,000
Profit and loss account		<u>21,687,739</u>	<u>21,474,949</u>
Total equity		<u>21,727,739</u>	<u>21,514,949</u>

Approved and authorised by the Board on 18/5/20 and signed on its behalf by:

Mr P G Vospers
Director

Company Registration Number: 00496634

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The business address is the same as the registered office address, although the entity operates from various locations in England.

The address of its registered office is:

Marsh Mills Retail Park
Plymouth
Devon
PL6 8AY

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Summary of disclosure exemptions

FRS 102 grants a qualifying entity exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements as the company is deemed to be a qualifying entity.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a Statement of Cash Flows on the basis that it is a qualifying entity and its ultimate parent company, Vospers of Plymouth Limited, includes the company's cash flows in its own consolidated financial statements. The company is also taking exemption from disclosure of key management personnel compensation and exemption from disclosure of related party transactions entered into between the company and other members of the Vospers of Plymouth group.

Name of parent of group

These financial statements are consolidated in the financial statements of Vospers of Plymouth Limited.

The financial statements of Vospers of Plymouth Limited may be obtained from may be obtained from Companies House.

Going concern

The financial statements have been prepared on a going concern basis. See the strategic report for discussion of the impact of the coronavirus pandemic on the company.

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in this note, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historically known factors and experience and include the following:

Depreciation and amortisation

Depreciation and amortisation are provided on tangible and intangible fixed assets respectively so as to write off the cost of an asset over its expected useful economic life. Detail of the useful economic lives assigned to assets can be seen in the related accounting policies. Management continuously review the accuracy of the estimates applied, particularly when assets are disposed/ written off, and are comfortable that the rates applied are materially accurate.

No such changes or amendments are deemed necessary in either this or the prior period.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Company.

Revenue is recognised when the sale is completed at the point of delivery.

Other income, which mainly relates to commissions and incentives receivable, is recognised when the company becomes entitled to the income on a risk and rewards basis.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Intangible assets

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its expected useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Website and computer software are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Amortisation

Amortisation is charged so as to write off the cost of an asset, less its estimated residual value, over its estimated useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	10 years straight line
Website and computer software	3 years straight line

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of an asset, less its estimated residual value, over its estimated useful economic life as follows:

Asset class	Depreciation method and rate
Short leasehold property	Over the length of the lease
Plant and machinery	10-33% straight line
Fixtures and fittings	10-25% straight line
Motor vehicles	10-33% straight line

Investments

Fixed asset investments are measured at cost less impairment.

Stocks

Stock has been valued on the following bases:

New vehicles

At cost.

Used vehicles

At trade price valuation based on the age, mileage and condition of the vehicle.

Consignment stock

Not recognised as an asset of the company as the risks and rewards of stock ownership have not sufficiently transferred to the company.

Vehicles which are subject to repurchase agreements are included in stocks at the agreed repurchase price, with the associated liability to creditors.

Parts

At current cost less provision for obsolescence.

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Used car warranty provision

Provisions for the expected costs of maintenance under guarantees are charged against profits when product sales have been made. The effect of the time value of money is not material and, therefore, the provisions are not discounted.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Financial Instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, loans from banks and other third parties and amounts due to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Sale of vehicles, parts and vehicle servicing	<u>256,498,953</u>	<u>248,175,353</u>

The analysis of the company's turnover for the year by market is as follows:

	2019	2018
	£	£
UK	<u>256,498,953</u>	<u>248,175,353</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019	2018
	£	£
Other income	1,862,047	1,562,095
Commissions receivable	2,597,073	2,342,868
Incentives receivable	8,119,566	8,255,862
	<u>12,578,686</u>	<u>12,160,825</u>

5 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	3,265,737	3,667,693
Amortisation expense and impairment loss	39,262	63,985
Operating lease expense	347,990	531,924
Loss on disposal of property, plant and equipment	<u>17,039</u>	<u>-</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	17,067,684	16,922,425
Social security costs	1,706,132	1,730,429
Pension costs, defined contribution scheme	343,917	249,801
	<u>19,117,733</u>	<u>18,902,655</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Operations	599	596
Administration and support	<u>89</u>	<u>93</u>
	<u>688</u>	<u>689</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration (including benefits in kind)	585,876	553,431
Contributions paid to money purchase schemes	36,108	50,143
	<u>621,984</u>	<u>603,574</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>7</u>	<u>7</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	113,832	110,657
Company contributions to money purchase pension schemes	<u>20,188</u>	<u>35,703</u>

8 Auditor's remuneration

	2019 £	2018 £
Audit of the financial statements	<u>19,000</u>	<u>18,500</u>
Other fees to auditors		
Tax compliance and other non-audit services	<u>44,845</u>	<u>22,524</u>

9 Interest receivable and similar income

	2019 £	2018 £
Other finance income	<u>464,484</u>	<u>161,925</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

10 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	401,680	123,189
Interest on obligations under finance leases and hire purchase contracts	1,239,696	869,556
Other interest payable	-	3,502
	<u>1,641,376</u>	<u>996,247</u>

11 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	283,835	544,146
UK corporation tax adjustment to prior periods	(104,654)	-
	<u>179,181</u>	<u>544,146</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(93,237)	(314,720)
Tax expense in the income statement	<u>85,944</u>	<u>229,426</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>298,734</u>	<u>973,427</u>
Corporation tax at standard rate	56,759	184,951
Effect of expense not deductible in determining taxable profit (tax loss)	18,216	7,449
UK deferred tax expense relating to changes in tax rates or laws	<u>10,969</u>	<u>37,026</u>
Total tax charge	<u>85,944</u>	<u>229,426</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Deferred tax

Deferred tax assets and liabilities:

	Liability £
2019	
Difference between accumulated depreciation and amortisation and capital allowances	50,781
Short term differences	(4,192)
	<u>46,589</u>
2018	
Difference between accumulated depreciation and amortisation and capital allowances	143,391
Short term differences	(3,565)
	<u>139,826</u>

12 Intangible assets

	Goodwill £	Website and computer software £	Total £
Cost			
At 1 January 2019	1,239,774	207,077	1,446,851
Additions	-	59,480	59,480
Disposals	(764,773)	-	(764,773)
At 31 December 2019	<u>475,001</u>	<u>266,557</u>	<u>741,558</u>
Amortisation			
At 1 January 2019	1,239,774	169,254	1,409,028
Amortisation charge	-	39,262	39,262
Amortisation eliminated on disposals	(764,773)	-	(764,773)
At 31 December 2019	<u>475,001</u>	<u>208,516</u>	<u>683,517</u>
Carrying amount			
At 31 December 2019	<u>-</u>	<u>58,041</u>	<u>58,041</u>
At 31 December 2018	<u>-</u>	<u>37,823</u>	<u>37,823</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

13 Tangible assets

	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2019	864,444	6,910,738	1,481,170	14,139,789	23,396,141
Additions	-	437,478	163,543	13,828,118	14,429,139
Disposals	(595,824)	(289,002)	(92,407)	(20,072,446)	(21,049,679)
At 31 December 2019	<u>268,620</u>	<u>7,059,214</u>	<u>1,552,306</u>	<u>7,895,461</u>	<u>16,775,601</u>
Depreciation					
At 1 January 2019	751,517	4,747,909	810,601	2,040,672	8,350,699
Charge for the year	10,266	526,550	146,679	2,582,242	3,265,737
Eliminated on disposal	(595,824)	(277,243)	(87,126)	(3,606,445)	(4,566,638)
At 31 December 2019	<u>165,959</u>	<u>4,997,216</u>	<u>870,154</u>	<u>1,016,469</u>	<u>7,049,798</u>
Carrying amount					
At 31 December 2019	<u>102,661</u>	<u>2,061,998</u>	<u>682,152</u>	<u>6,878,992</u>	<u>9,725,803</u>
At 31 December 2018	<u>112,927</u>	<u>2,162,829</u>	<u>670,569</u>	<u>12,099,117</u>	<u>15,045,442</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Motor vehicles	<u>5,659,590</u>	<u>10,274,330</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

14 Investments in subsidiaries, joint ventures and associates

	2019 £	2018 £
Investments in subsidiaries:	100	100
Subsidiaries		£
Cost		
At 1 January 2019		100
At 31 December 2019		100
Carrying amount		
At 31 December 2019		100
At 31 December 2018		100

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Vospers Rentacar Limited	England and Wales	Ordinary	100%	100%

The principal activity of Vospers Rentacar Limited is that of being dormant.

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

15 Stocks

	2019 £	2018 £
Work in progress	38,042	42,837
Finished goods and goods for resale	68,754,460	59,018,601
	<u>68,792,502</u>	<u>59,061,438</u>

Impairment of stocks

The amount of impairment loss included in profit or loss is £315,782 (2018 - £110,322).

16 Debtors

	2019 £	2018 £
Trade debtors	9,811,558	12,374,778
Amounts due from group undertakings	25,469,350	31,300,257
Other debtors	3,387,513	3,385,004
Prepayments	2,557,688	2,386,028
	<u>41,226,109</u>	<u>49,446,067</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

17 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	18	22,808,858	21,251,895
Trade creditors		69,845,916	63,578,403
Amounts due to group undertakings		100	100
Corporation tax		179,181	544,146
Social security and other taxes		468,762	516,448
Outstanding defined contribution pension costs		58,317	41,934
Other creditors		120,775	84,460
Accruals and deferred income		878,778	1,023,087
		<u>94,360,687</u>	<u>87,040,473</u>

Due after one year

Loans and borrowings	18	<u>3,259,675</u>	<u>14,523,384</u>
----------------------	----	------------------	-------------------

18 Loans and borrowings

	Note	2019 £	2018 £
Non-current loans and borrowings			
Bank borrowings		-	8,453,000
HP and finance lease liabilities		3,219,675	4,318,667
Shares classed as financial liabilities		40,000	40,000
Pension fund loan	23	-	1,711,717
		<u>3,259,675</u>	<u>14,523,384</u>

	Note	2019 £	2018 £
Current loans and borrowings			
Bank borrowings		8,582,000	18,329
Bank overdrafts		-	6,211,329
HP and finance lease liabilities		3,180,446	6,018,067
Vehicle stocking loan		11,046,412	8,561,309
Pension fund loan	23	-	442,861
		<u>22,808,858</u>	<u>21,251,895</u>

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

22 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	40,000	40,000	40,000	40,000
Deferred shares of £1 each	40,000	40,000	40,000	40,000
	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

2019 £	2018 £
-----------	-----------

Amounts presented in equity

40,000 ordinary shares of £1 each

40,000	40,000
--------	--------

2019 £	2018 £
-----------	-----------

Amounts presented in liabilities

40,000 deferred shares of £1 each

40,000	40,000
--------	--------

The deferred shares bear no voting rights and do not participate in any surplus on winding up. The holder is only entitled to receive any return of capital on winding up once the holders of the ordinary shares have received at least £5 million.

The deferred shares carry the right to a fixed non-cumulative dividend of 0.25% per annum. This dividend has been waived in both the current and prior year.

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

23 Related party transactions

The company has taken advantage of the exemption in FRS 102 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group.

Key management personnel

Transactions with directors

	At 1 January 2019 £	Advances to directors £	Repayments by director £	Other transactions with director £	At 31 December 2019 £
2019					
Director 1					
The loan is interest free, unsecured and repayable on demand	(67,663)	206,848	(81,039)	(105,148)	(47,002)
	<u>At 1</u>	<u>Advances</u>	<u>Repayments</u>	<u>Other</u>	<u>At 31</u>
	<u>January</u>	<u>to directors</u>	<u>by director</u>	<u>transactions</u>	<u>December</u>
	<u>2018</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>2018</u>
2018					
Director 1					
The loan is interest free, unsecured and repayable on demand	(72,431)	243,714	(56,071)	(182,875)	(67,663)

During the prior year a car was sold to a director of Vospers of Motor House at market value.

Summary of transactions with entities with joint control or significant interest

A company that is controlled by a director.

A loan was made to the company that is under the control of a director. The loan is interest free and repayable on demand. At the balance sheet date, the amount due from the company under the control of a director was £989,010 (2018 - £985,019).

Vospers Motor House Limited

Notes to the Financial Statements

Year Ended 31 December 2019

Summary of transactions with other related parties

During the prior year Vospers Motor House took out a loan from the connected directors' pension scheme. This loan was repaid prior to the end of the current financial year.

Loans from related parties

	Other related parties £	Total £
2019		
At start of period	2,154,578	2,154,578
Repaid	(2,198,247)	(2,198,247)
Interest transactions	43,669	43,669
At end of period	-	-
	Other related parties £	Total £
2018		
Advanced	2,300,000	2,300,000
Repaid	(162,264)	(162,264)
Interest transactions	16,842	16,842
At end of period	2,154,578	2,154,578

24 Parent and ultimate parent undertaking

The company's immediate parent is Vospers of Plymouth Limited, incorporated in England and Wales.

The ultimate controlling party is Mr P G Vosper.

The parent of the smallest group in which these financial statements are consolidated is Vospers of Plymouth Limited, incorporated in England and Wales.

The address of Vospers of Plymouth Limited is:

Marsh Mills Retail Park
Plymouth
Devon
PL6 8AY