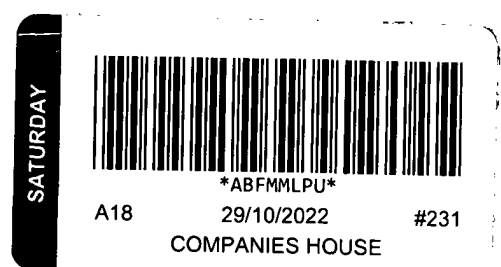


Registered number: 00158447

Hartwell Automotive Group Limited

Report and Financial Statements

For the year ended 30 November 2021



Hartwell Automotive Group Limited

Company Information

Directors	K P Godfrey A M Lemon (resigned 7 March 2022) A Rehman N J Tucker G S Forbes (appointed 7 April 2022) C R Gibbin (appointed 7 April 2022)
Company secretary	G S Forbes
Registered number	00158447
Registered office	Wootton Business Park Besselsleigh Road Wootton Oxford Oxfordshire OX13 6FD
Independent auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton Hampshire SO14 3TL

Hartwell Automotive Group Limited

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Hartwell Automotive Group Limited

Strategic report For the year ended 30 November 2021

Introduction

The directors present their strategic report together with the audited financial statements of Hartwell Automotive Group Limited ("the company") for the year ended 30 November 2021.

Principal activities

The company's principal activities continued to be vehicle distribution, sales, service and associated activities.

Business review

The financial year ended 30 November 2021, as was the case in 2020, was one marked by the continued disruption caused by Covid-19 with the enforced closures of all showrooms between 1 January and 12 April 2021 and additional localised ones in December 2020. These closures had the potential to significantly restrict the company's ability to trade however the strategy commenced in 2020 of reviewing and digitising much of the vehicle sales process as well as reducing the overall cost base of the company enabled the company to perform strongly despite this disruption.

Strong market conditions existed post lockdown with pent-up demand for both new and used cars and restricted supply, particularly of new cars due to the global shortage of semi-conductors. Specifically this market created strong increases in used car margins, which the company was able to benefit from by increasing its central buying team and maintaining steady stock levels.

The opening of the company's Reading site, the UK's first Ford Signature car dealership and Transit Centre, in April along with the pent-up demand for vehicle sales increased turnover to £223m from the level of £181m in 2020. A greater concentration of vehicle sales within total turnover produced an overall reduction in gross profit from 11.7% to 10.7% as higher margin aftersales accounted for less turnover.

The company has in recent years terminated franchises with various manufacturers. One outcome of this is that the Oxford Motorpark site is now a designated used car site alongside the Ford Transit franchise. As such the used car operation has been expanded over the last 18 months and this, along with the pent-up demand, has seen the site deliver record levels of profitability.

The company remains grateful for the government support it has received during the periods of enforced closure in 2020 and 2021. However the ability to continue to trade at closer to normal levels in 2021 meant the levels of support received from the Coronavirus Job Retention Scheme in the year was much reduced at £495,000 compared to £1.8m in the previous year. The company itself has no employees as all service contracts are held by Hartwell Plc, the company's immediate parent undertaking therefore whilst distribution and administrative expenses include employment costs net of income from Coronavirus Job Retention Scheme grants the income received from these grants is shown in the group consolidated financial statements of Hartwell plc as are the gross employment costs.

Overall administrative and distribution costs are £284,000 higher than the prior year primarily due to higher salaries costs resulting from less furloughing of staff and the inclusion of all costs for the Reading site from April 2021 onwards. These dual cost increases are offset by an additional £200,000 of Business rates relief.

The supply issues associated with new vehicles meant that the company carried significantly less consignment stock than would normally be the case throughout the year and generally for shorter periods of time. The resultant stock finance charges at £193,000 were £865,000 lower than 2020.

Operating profit of £5,165,000 represents a level approaching twice the level in 2020 of £2,724,000 and higher than 2019 when operating profit of £3,853,000 was achieved on turnover of £244,922,000. Pre-tax profit margin of 2.2% is significantly higher than 2020 of 0.9% and the trend in previous years ranging between 1.2% and 1.5%.

Hartwell Automotive Group Limited

Strategic report (continued) For the year ended 30 November 2021

Business review (continued)

At the statement of financial position date, the company operated from 11 sites (2020: 10 sites). These sites represent Ford, FIAT, Renault and Dacia. The sole full FIAT franchise at Abingdon terminated on 5 December 2021 whilst the Oxford Motorpark site holds authorised repairer status for Renault and Dacia. All 11 sites hold full Ford franchise status either for Car, Commercial Vehicles or both.

On 30 November 2021 ownership of 10 of the dealership sites (Reading having been purchased by the company in 2020) was transferred to the company from various off-shore subsidiaries of Bishopsgate Investments Limited. The debt payable to the off-shore companies was novated to Hartwell plc and in turn to Oakhill Group Limited which issued shares to Bishopsgate Investments Limited. The financial impact of these transfers will be an approximate annual saving in rents payable of £2.1m from 1 December 2021.

During the year the company has changed its Dealer Management System (DMS) to Gemini Systems Evolution DMS. The directors are encouraged with the implementation and performance to date and by the open and collaborative attitude of Gemini's management to work with other companies to create interfaces between their software and the Evolution DMS and in doing so creating efficiencies in processes and transactions.

The directors aim to promote growth by driving sales, whilst at the same time, controlling all costs and following processes and procedures to manage working capital. The company is susceptible to seasonal demands on working capital due to fluctuations in new vehicle registrations, though this has been less evident in 2021 due to supply issues, and strong processes need to be exercised to avoid a deterioration in the company's cash position. In keeping with other motor dealerships the company will from time to time pre-register vehicles to secure additional manufacturer bonuses and in such instances decisions to pre-register vehicles will be made giving due consideration to the bonus which can be earned, the impact on working capital and length of time pre-registered stock may be held before a future sales.

The directors see the main risk in this strategy as that of maintaining margins whilst exerting strong procedures. The directors are constantly seeking to improve procedures and implement additional controls whilst aiming to maintain or improve the efficiency of process. The directors consider that by maintaining their current strategy, they can maintain the profitability of the company. In accordance with this strategy the company has over recent years terminated its relationships with various manufacturers in order to focus its relationship with Ford.

Future developments

The directors of the company are constantly alert to opportunities to expand its existing dealer network. There is a clear development strategy in place which provides for a measured expansion via the acquisition of profitable dealerships representing brands and locations that would strengthen the group's existing portfolio. Alongside the development strategy, the directors are committed to increasing profitability through the constant improvement and refinement of practices and procedures within its existing dealerships. This is done through a combination of internal audit and compliance management and seeking to use software to improve efficiency and profitability.

The directors have a clear strategy of reviewing all processes within the business particularly those which are customer facing or high volume transactional operations. Wherever possible the directors intend to digitise these processes, using either existing software or by developing a solution, to make them more efficient and to reduce costs.

The success of the Used car operation at the Oxford Motorpark site has led to the decision to further increase the capacity of the site and similarly expand the size of the Used car operations at several other sites. Planning permission obtained post year end to build a vehicle preparation building and car deck housing 200 used cars will increase the used car offering at the site and generate the potential for further profitability.

Hartwell Automotive Group Limited

Strategic report (continued)
For the year ended 30 November 2021

Principal risks and uncertainties

Financial risk management

The identification and evaluation on a day-to-day basis is delegated to operational management.

Each part of the business faces risk from various sources and it is the intention of the directors to minimise the effect of these risks by following best practices and by staff development and training. The identified risks and actions being taken to mitigate them are shown below.

The company has strict policies in relation to limits of authority which are applied to each level of management up to Board level.

The following areas are identified as needing strong control:

Debtors

Strict policies are applied in respect of the level of credit and payment terms available to all customers. Regular meetings are held at each business to monitor the collection of debts. No credit is given without first carrying out third party credit checks.

As at 30 November 2021 and 30 November 2020 the credit risk was spread over a large number of customers.

Stock

The company operates strong procedures over both the ordering of stock and the monitoring of stock levels. Regular reports are produced and reviewed to highlight old and slow moving stock.

Liquidity

The company monitors all cash balances and loans on a daily basis to ensure that all foreseeable future needs can be met.

Price

Fluctuations in exchange rates impact the profitability of the company's manufacturer partners which may affect their prices or support packages to the dealer network. The company has a portfolio of manufacturer partners and in doing so spreads any potential risk. The company does not directly undertake material foreign exchange transactions.

Regulatory risk

The company's operations are subject to applicable laws and regulations including those set out by government agencies, Financial Conduct Authority, Trading Standards, Vehicle Operator and Service Agency and local authorities. Failure of compliance could lead to fines, enforced suspension of availability to sell insurance or finance and potentially closure of part of our business.

The company trains its staff and has developed policies and procedures to ensure that regulatory risks are mitigated to the greatest extent possible.

COVID-19

During the prior year a new risk of the Coronavirus emerged. This continued to impact all businesses in the UK (and globally). The directors implemented actions in 2020 and continued to do so in 2021 to take account of this risk to ensure the company can continue to trade and remain profitable for the foreseeable future. We are also working with our staff to ensure their continuing welfare and with customers to ensure their requirements can be met. Finally we have significant levels of cash reserves and facilities available as required to the group to which the company belongs.

Hartwell Automotive Group Limited

**Strategic report (continued)
For the year ended 30 November 2021**

Financial key performance indicators ("KPIs")

The directors consider that the following KPIs are important indicators of the financial performance of the company:

Gross profit to turnover: 10.7 % (2020: 11.7%)
Distribution costs to turnover: 4.6% (2020: 5.7%)
Administration costs to turnover: 3.9% (2020: 4.6%)
Profit pre-taxation to turnover: 2.2% (2020: 0.9%)
Return on funds employed* 8.0% (2020: 9.1%)
Debtor days: 2.5 (2020: 4.9)
Stock turn: 65.4 (2020: 34.4)

*Return on funds employed being profit after taxation to net assets excluding amounts owed by group undertakings.

Other key performance indicators

In addition to the company's financial KPIs the Board values feedback on customer satisfaction. Customer satisfaction is regularly monitored by manufacturer and company generated feedback and the Board remains satisfied by the manufacturer's rankings whilst always seeking further improvements.

Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain below how the Board engages with stakeholders.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. As required, the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).
- The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.
- We aim to work responsibly with our stakeholders, including suppliers. The Board routinely reviews its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.

Hartwell Automotive Group Limited

Strategic report (continued)
For the year ended 30 November 2021

Section 172 statement (continued)

The key Board decisions made in the year are set out below including details of the stakeholders affected, actions taken, and the impact.

Acquisition of all dealership sites

Affecting shareholders and Pension fund Trustees

- Shareholder consultation took place to obtain approval to transfer all sites to company ownership and novate the resulting debt to Hartwell Plc. The acquisition of the sites will increase long term profitability by the removal of sizeable rent charges
- Pension Fund Trustees approval for the transfer was sought and obtained as the transfer strengthens the balance sheet of the company's parent company and the underlying covenant of the Pension fund.

Coronavirus response

Affecting customers and employees

- Customers have been consulted in relation to how the Company mitigated the risk of transmission of COVID-19 within customer areas.
- Enforced lockdown of car showrooms and reduced workshop activity required the company to consult with and place significant numbers of employees on furlough.

Change of Dealer Management System

Affecting shareholders, customers and employees

- Shareholder approval was obtained to change the company's Dealer Management System to over time benefit from greater system functionality, wider interface with other solutions and to improve processes and gain efficiencies
- Staff will ultimately benefit, following some reorganisation of duties, from changes to working practices which will make certain transactional processing more efficient
- Customers will benefit from more efficient processing of documents notably vehicle sales and service invoices.

Expansion of Oxford Motorpark dealership

Affecting shareholders, customers and employees

- Shareholder approval was obtained to submit planning permission to erect a vehicle preparation building and a single storey car deck in the storage compound adjoining the dealership with the aim of increasing the Used Car offering and increase long-term profitability.
- Existing site management were consulted to gauge feasibility of the expansion and staffing requirements
- Customers will benefit from greater choice and availability of stock

This report was approved by the board and signed on its behalf.

DocuSigned by:



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A Rehman
Director

Date: 20/10/2022 | 14:25 BST

Hartwell Automotive Group Limited

**Directors' report
For the year ended 30 November 2021**

The directors present their report and the financial statements for the year ended 30 November 2021.

Information covered in the strategic report

In accordance with the Companies Act 2006 s414C(11), information in respect of business activities, financial risk management and future developments are shown in the strategic report on pages 1 to 5.

Results and dividends

The profit for the year, after taxation, amounted to £4,481,000 (2020 - £1,668,000).

The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The Directors who served during the year were:

K P Godfrey
A M Lemon (resigned 7 March 2022)
A Rehman
N J Tucker

Post year end on 7 April 2022 G S Forbes and C R Gibbin were appointed as directors.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to 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.

Hartwell Automotive Group Limited

**Directors' report (continued)
For the year ended 30 November 2021**

Qualifying third party indemnity provisions

The company has indemnified the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force at the date of approving the directors' report.

Business relationships

The board recognises that it is essential for the ongoing success and reputation of the business to foster strong relationships across its customer, supplier, vehicle manufacturer and wider stakeholder community. There is regular engagement with vehicle manufacturers and other suppliers at many levels including senior directors. Customer feedback is encouraged at many points of contact and action is taken to address issues identified in order to make the customer experience a memorable one. The board considers the interests of all shareholders and stakeholders at its regular board meetings and ensures that all stakeholders' interests are considered when it is appropriate to do so.

Streamline Energy and Carbon Reporting

The company has take the available exemption to not disclose a separate energy and carbon report in these financial statements as it is included in the financial statements of its' parent company, Oakhill Group Limited.

The company has the Environmental Standard ISO 14001 accreditation.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

On 12 January 2022 the company received planning permission to erect a vehicle preparation building at the Oxford Motorpark site, together with a single storey car parking deck and ramp for the display and storage of 200 vehicles. Once completed this will significantly increase the profit potential of the site.

Auditor

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

A Rehmaan

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A Rehmaan
Director

Date: 20/10/2022 | 14:25 BST

Hartwell Automotive Group Limited

Independent auditors' report to the members of Hartwell Automotive Group Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2021 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.

We have audited the financial statements of Hartwell Automotive Group Limited ("the Company") for the year ended 30 November 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

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.

Hartwell Automotive Group Limited

Independent auditors' report to the members of Hartwell Automotive Group Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 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. 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.

Other Companies Act 2006 reporting

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 material misstatements in the Strategic report or the Directors' report.

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

Hartwell Automotive Group Limited

Independent auditors' report to the members of Hartwell Automotive Group Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Extent to which the audit was 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:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and company accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the company and the motor retail industry, including data protection laws and regulations around FCA compliance;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members (which included motor dealership specialists) and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Reviewing minutes of meetings of those charged with governance to identify any instances of non-compliance with laws and regulations; and
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and inventories and journals raised after the year end.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 auditors' report.

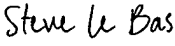
Hartwell Automotive Group Limited

Independent auditors' report to the members of Hartwell Automotive Group Limited (continued)

Use of our report

This report is made solely to the company's member 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:


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Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK

Date: 20 October 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hartwell Automotive Group Limited

Statement of comprehensive income
For the year ended 30 November 2021

	Note	2021 £000	2020 £000
Turnover	4	223,034	180,522
Cost of sales		(199,074)	(159,440)
Gross profit		23,960	21,082
Distribution costs		(10,189)	(10,236)
Administrative expenses		(8,606)	(8,275)
Other operating income	5	-	153
Operating profit	6	5,165	2,724
Interest payable and expenses	9	(193)	(1,058)
Profit before tax		4,972	1,666
Tax on profit	10	(491)	2
Profit for the financial year		4,481	1,668
Other comprehensive income		-	-
Total comprehensive income for the year		4,481	1,668

The notes on pages 15 to 29 form part of these financial statements.

Hartwell Automotive Group Limited
Registered number: 00158447

Statement of financial position
As at 30 November 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible Assets	11	41,633	11,010
		<u>41,633</u>	<u>11,010</u>
Current assets			
Stocks	12	31,264	41,843
Debtors: amounts falling due within one year	13	23,172	57,852
Cash at bank and in hand		1,567	722
		<u>56,003</u>	<u>100,417</u>
Creditors: amounts falling due within one year	14	(23,727)	(42,092)
Net current assets		<u>32,276</u>	<u>58,325</u>
Total assets less current liabilities		<u>73,909</u>	<u>69,335</u>
Creditors: amounts falling due after more than one year	15	(31)	(31)
Provisions for liabilities			
Deferred tax	16	(134)	(74)
Other provisions	17	(2,044)	(2,011)
		<u>(2,178)</u>	<u>(2,085)</u>
Net assets		<u><u>71,700</u></u>	<u><u>67,219</u></u>
Capital and reserves			
Called up share capital	18,19	95	95
Profit and loss account	19	71,605	67,124
Shareholder's funds		<u><u>71,700</u></u>	<u><u>67,219</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

A. Rehman

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A Rehman
Director

Date: 20/10/2022 | 14:25 BST

The notes on pages 15 to 29 form part of these financial statements.

Hartwell Automotive Group Limited

**Statement of changes in equity
For the year ended 30 November 2021**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 December 2020	95	67,124	67,219
Comprehensive income for the year			
Profit for the financial year	-	4,481	4,481
At 30 November 2021	<u>95</u>	<u>71,605</u>	<u>71,700</u>

**Statement of changes in equity
For the year ended 30 November 2020**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 December 2019	95	65,456	65,551
Comprehensive income for the year			
Profit for the financial year	-	1,668	1,668
At 30 November 2020	<u>95</u>	<u>67,124</u>	<u>67,219</u>

The notes on pages 15 to 29 form part of these financial statements.

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

1. Company information

Hartwell Automotive Group Limited ("the company") is a private company limited by shares, incorporated and domiciled in England and Wales under the Companies Act. The address of the registered office is given on the company information page at the beginning of these financial statements and the nature of the company's operations and its principal activities is set out in the strategic report on page 1.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 ("FRS102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

- Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 7 Statement of Cash Flows not to prepare a statement of cash flows;
- Section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of number of shares at the beginning and end of the year; and
- Section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total.

The company is a qualifying entity because this information is included in the consolidated financial statements of Hartwell plc as at 30 November 2021 and these financial statements may be obtained from Companies House, Cardiff, CF14 3UZ.

The following principal accounting policies have been applied:

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

2. Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors consider appropriate for the reasons set out below.

The directors have considered the going concern basis and have undertaken a detailed review of trading and cash flow forecasts for a period of twelve months from the date of signing these financial statements. Apart from consignment stock funding which is secured directly against the consignment stock vehicles the wider group has no external debt funding and hence no covenants to comply with. At year end the group of which the company is a part was in a significant net asset and net current asset position and held cash reserves of £19.4m. Based upon forecasts for a period of twelve months from the date of signing these financial statements significant levels of cash are forecast to remain in the business. The strong cash position is due to a combination of strong cost control and also the decision to suspend new lending from sister company Hartwell Finance Limited.

Based upon the cash reserves available, together with the forecasts prepared by the Group the directors have a reasonable expectation that the Group has adequate resources and cash headroom to be able to continue in operational existence for the foreseeable future and for at least twelve months from the date of approval of the Financial Statements. For those reasons, they continue to adopt the going concern basis in preparing these Financial Statements.

Turnover

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

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. In practical terms this means that turnover is recognised when vehicles or parts sales have been invoiced and physically released or when a service has been undertaken.

Manufacturer rebates

Vehicle specific rebates from manufacturers are recognised when it is probable that the economic benefit will flow to the company and the value can be reliably measured. In practice, this means that vehicle specific manufacturer rebates are recognised when the vehicle to which it relates, has been invoiced and physically released. In the case of non-vehicle specific related rebates from manufacturers and other suppliers these are recognised upon achievement of the specific supplier agreed criteria.

Operating lease rentals

Rentals paid under operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the lease term.

Group service charge

A group service charge is levied by the parent undertaking, the charge varying from year to year, having regard for the company's operations.

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

2. Accounting policies (continued)**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives using the straight line basis:

The estimated useful lives range as follows:

Freehold land	-	Not depreciated
Freehold buildings	- 40 - 50 years	
Short-term leasehold property	- 10 - 40 years	
Plant and machinery	- 4 - 12 years	

Assets under construction are stated at cost less impairment losses and are not depreciated. Cost comprises direct cost of construction, such as materials, staff costs and overheads, together with the interest expense capitalised during the period of construction. Capitalisation of these costs ceases and the asset concerned is transferred to the appropriate fixed asset category when substantially all the activities necessary to prepare the asset for its intended use are completed.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchase on a first in, first out basis. Cost includes all direct costs.

When the nature of the agreement with the manufacturer confers the benefit and associated risk of ownership to the company on consignment, such stocks and the corresponding creditor are included on the balance sheet although legal title remains with the supplier until sold.

Financial instruments

Financial instruments and equity are classified according to the substance of the financial instrument's contractual objectives, rather than its legal form.

The company's cash at bank and in hand, trade and other debtors and its trade and other creditors are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

2. Accounting policies (continued)

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Share capital

In accordance with FRS102 Section 22 - Liabilities and Equity, the company has classified its preference shares as debt rather than equity.

Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Termination payments

Termination benefits are payable when employment is terminated by the company before the normal retirement date. The company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future for the company. The resulting accounting estimates will, by definition, seldom equate to actual results. The critical adjustments that have been made in arriving at the amounts recognised in the company's financial statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities are discussed below.

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimate uncertainty:

- Provisions for future claims against warranty policies sold to customers require an review of the total number of policies, the level of maturity of each group of policies and the loss ratio of each group of policies. The directors monitor the fund balances for each group of policies by year of sale and the number and value of claims raised to assess the adequacy of the provision.
- Provision for impairment of used car values and parts inventories requires an assessment of the fair values of such stocks. Fair values are assessed using market research data which is based upon recent industry activity. Whilst this data is deemed to be representative of current values it is possible that ultimate sales values can differ from those applied.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Vehicles	214,555	172,684
Aftersales	8,479	7,838
	<u>223,034</u>	<u>180,522</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £000	2020 £000
Rent receivable	-	153
	<u>-</u>	<u>153</u>

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

6. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Depreciation of fixed assets	544	548
Impairments recognised on stock	1,061	1,174
Loss on disposal of fixed assets	-	5
Operating lease rentals	2,348	2,235
Impairments of trade debtors	127	178
	<u> </u>	<u> </u>

Impairments of trade debtors are included in distribution costs within the statement of comprehensive income.

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	53	50
	<u> </u>	<u> </u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

8. Employees and directors remuneration

The average monthly number of employees during the year was nil (2020: nil)

The service contracts of all employees are held with Hartwell plc, the company's immediate parent undertaking.

Although the service contracts, and hence the employment costs, of the directors are held by other group companies, the directors estimate that the aggregate value of emoluments relating to their service as directors of the company amounted to £662,000 (2020: £371,000), which included pension contributions of £42,000 (2020: £42,000). The highest paid director received remuneration of £593,000 (2020: £311,000), which included pension contributions of £41,000 (2020: £40,000).

9. Interest payable and similar expenses

	2021 £000	2020 £000
Stock finance charges	193	1,058
	<u> </u>	<u> </u>

Hartwell Automotive Group Limited

Notes to the financial statements
For the year ended 30 November 2021

10. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	431	-
Total current tax	<u>431</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	134	33
Adjustment in respect of prior periods	-	(39)
Effect of tax rate change on opening balance	(74)	4
Total deferred tax (see note 16)	<u>60</u>	<u>(2)</u>
Taxation on profit on ordinary activities	<u><u>491</u></u>	<u><u>(2)</u></u>

Hartwell Automotive Group Limited

Notes to the financial statements
For the year ended 30 November 2021

10. Taxation (continued)**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit on ordinary activities before tax	4,972	1,666
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	945	317
Effects of:		
Expenses not deductible for tax purposes	(11)	32
Group relief	(476)	(316)
Adjustments to tax charge in respect of prior periods	-	(39)
Chargeable losses	(335)	-
Movements in deferred tax not recognised	441	-
Remeasurement of deferred tax for changes in tax rates	(73)	4
Total tax charge/(credit) for the year	491	(2)

Hartwell Automotive Group Limited

Notes to the financial statements
For the year ended 30 November 2021

10. Taxation (continued)**Factors that may affect future tax charges**

The company has capital losses carried forward totaling £2.4m (2020 - £2.4m). No deferred tax has been recognised in relation to these balances as it is uncertain when they will be used.

As at the year end the Government had announced that from 1 April 2023 the Corporation Tax rate would be increased to 25%. Accordingly, deferred tax balances recognised in the accounts at year end have been calculated using the 25% rate.

11. Tangible fixed assets

	Freehold property £000	Leasehold land and buildings £000	Equipment and vehicles £000	Total £000
Cost				
At 1 December 2020	-	9,965	4,710	14,675
Additions	30,532	-	633	31,165
Disposals	-	-	(15)	(15)
Transfers between classes	9,965	(9,965)	-	-
At 30 November 2021	<u>40,497</u>	<u>-</u>	<u>5,328</u>	<u>45,825</u>
Depreciation				
At 1 December 2020	-	251	3,414	3,665
Charge for the year	-	101	443	544
Disposals	-	-	(17)	(17)
Transfers between classes	352	(352)	-	-
At 30 November 2021	<u>352</u>	<u>-</u>	<u>3,840</u>	<u>4,192</u>
Net book value				
At 30 November 2021	<u>40,145</u>	<u>-</u>	<u>1,488</u>	<u>41,633</u>
At 30 November 2020	<u>-</u>	<u>9,714</u>	<u>1,296</u>	<u>11,010</u>

On 30 November ownership of 10 dealership sites was transferred to the company from British Virgin Island registered subsidiaries of Bishopsgate Investments Limited. The debt arising from these transfers of £29,230,000 was novated to Hartwell Plc reducing the amount payable to the company.

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

12. Stocks

	2021 £000	2020 £000
Consignment stock	8,425	21,884
Finished goods and goods for resale	22,839	19,959
	<u>31,264</u>	<u>41,843</u>

There is no material difference between the replacement cost of stock and the amount stated above.

13. Debtors

	2021 £000	2020 £000
Trade debtors	1,513	2,437
Amounts owed by group undertakings	19,817	54,776
Other debtors	1,591	229
Prepayments and accrued income	251	410
	<u>23,172</u>	<u>57,852</u>

Trade debtors are stated after provision for doubtful debtors of £181,000 (2020: £124,000).

14. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Payments received on account	1,645	1,058
Trade creditors	4,005	5,244
Amounts owed to group undertakings	6,666	5,876
Corporation tax	431	-
Other taxation and social security	-	407
Consignment stock creditor	8,425	21,884
Other creditors	493	386
Accruals and deferred income	2,062	7,237
	<u>23,727</u>	<u>42,092</u>

Consignment stock creditors are secured against the vehicles to which they relate

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

15. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Share capital treated as debt (note 18)	31	31

Disclosure of the terms and conditions attached to the non-equity shares is made in note 18.

All amounts falling due after more than one year are not wholly repayable within five years.

16. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(74)	(76)
(Charged)/credited to profit or loss	(60)	2
At end of year	(134)	(74)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(359)	(193)
Short term timing differences	225	119
	(134)	(74)

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

17. Provisions

	Warranty provision £000
At 1 December 2020	2,011
Credited to profit or loss	(615)
Additions	986
Utilised in year	(338)
At 30 November 2021	2,044

Warranty Policy provision

The company offers to and sells to customers third party warranty policies on used cars sold by the company. The provision reflects the balance on policies sold set aside for future claims against such policies. At each year end the directors estimate the level of anticipated costs based on third party data and their knowledge of previous scheme performance.

Hartwell Automotive Group Limited

Notes to the financial statements
For the year ended 30 November 2021

18. Share capital

	2021 £000	2020 £000
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1,905,300 (2020 - 1,905,300) Ordinary shares of £0.05 each	95	95
	<u>95</u>	<u>95</u>
Shares classified as debt		
Authorised, allotted, called up and fully paid		
18,235 (2020 - 18,235) 6% Cumulative preference shares of £1.00 each	18	18
12,500 (2020 - 12,500) 5% Redeemable cumulative preference shares of £1.00 each	13	13
	<u>31</u>	<u>31</u>

The holders of the Ordinary shares have the right to attend and vote at any general meeting of the company.

The holders of the 6% Cumulative preference shares and the 5% Redeemable cumulative preference shares have formally waived their dividend rights in both the current and prior years.

The 5% Redeemable cumulative preference shares can be redeemed by the company at par at any time, since more than ten years have passed from the date of allotment, but redemption is not mandatory. The company must give the shareholder six months notice and redemption would be at par value. The 5% Redeemable cumulative preference shares have the right, in priority to the other classes of share, to repayment of their paid up capital on a return of assets or liquidation of the company. The 5% Redeemable cumulative preference shares confer no further rights to participate in either the profits or assets of the company.

The 6% Cumulative preference shares have the right, in priority to the Ordinary shares but behind the 5% Redeemable cumulative preference shares, to repayment of their paid up capital on a return of assets or liquidation of the company.

The holders of the 5% Redeemable cumulative preference shares are not entitled to vote at any general meeting of the company unless it has been convened to reduce the share capital, wind up or sell the undertaking of the company or consider any resolution that directly affects their preferential rights.

The holders of the 6% Cumulative preference shares enjoy similar voting rights to the holders of the Ordinary shares.

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

19. Reserves**Called up share capital**

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses and total other comprehensive income made by the company, including distributions to, and from, the parent company.

20. Capital commitments

At 30 November 2021 the company had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	-	1,577

Capital commitments at 30 November 2020 related to building and site improvements to the Reading dealership which opened in Spring 2021.

Prior to the year end the company submitted planning permission to extend the Oxford Motorpark operation including the erection of a vehicle preparation building with a single storey car parking deck and ramp for the display of approximately 200 vehicles. Planning permission was obtained in January 2022 and the build is now being fully costed and going out to tender.

21. Commitments under operating leases

At 30 November 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	261	796
Between 1 and 5 years	887	1,441
Later than 5 years	-	277
	<u>1,148</u>	<u>2,514</u>

The transfer on 30 November 2021 of ownership of all dealership sites to the company has resulted in the reduction in future lease commitments.

Hartwell Automotive Group Limited

**Notes to the financial statements
For the year ended 30 November 2021**

22. Related party transactions

As permitted by FRS 102 Section 33.1A, the financial statements do not disclose transactions entered into by two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

23. Post balance sheet events

On 12 January 2022 the company received planning permission to erect a vehicle preparation building at the Oxford Motorpark site, together with a single storey car parking deck and ramp for the display and storage of 200 vehicles. Once completed this will significantly increase the profit potential of the site.

24. Ultimate parent undertaking, controlling party and immediate parent undertaking

The immediate parent company and the smallest group for whom group consolidated financial statements are drawn up is Hartwell plc, which has a registered office of Wootton Business Park, Besselsleigh Road, Wootton, Oxfordshire, OX13 6FD. The largest group of undertakings for whom publicly available group financial statements are drawn up is Oakhill Group Limited, which has a registered office of Wootton Business Park, Besselsleigh Road, Wootton, Oxfordshire, OX13 6FD. Both of these financial statements may be obtained from Companies House, Cardiff, CF14 3UZ.

The largest group of undertakings for whom group financial statements are drawn up is Bishopsgate Investments Limited which has a registered office address of Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda. These financial statements are not publicly available.

The directors consider the ultimate parent and controlling party to be Fairview Anstalt, an anstalt incorporated in Liechtenstein.