

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
KIRBY JONES LIMITED

D.R.E. & Co. (Audit) Limited
6 Claremont Buildings
Claremont Bank
Shrewsbury
Shropshire
SY1 1RJ

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FOR THE YEAR ENDED 31 DECEMBER 2020

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KIRBY JONES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS: J R Davies
B R Pritchard
N D Sullivan
C J D Taylor

SECRETARY: B R Pritchard

REGISTERED OFFICE: W.R.Davies
Conwy Road
Llandudno Junction
Gwynedd
LL31 9BA

REGISTERED NUMBER: 02068210 (England and Wales)

AUDITORS: D.R.E. & Co. (Audit) Limited
6 Claremont Buildings
Claremont Bank
Shrewsbury
Shropshire
SY1 1RJ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

REVIEW OF BUSINESS

The W R Davies Motor group operates car and commercial dealerships throughout North Wales and the Staffordshire areas. Kirby Jones Limited is a 100% subsidiary of W R Davies (Motors) Limited, the parent company of the group.

The company currently operates three Ford dealerships in Llangefni, Llandudno Junction and Rhyl, as well as a Renault and Dacia dealership in Llandudno Junction.

2020 has proved to have been an extraordinary year. On the back of a record trading performance in 2019, the directors were very optimistic for prospects in 2020. However, after a pleasing first quarter the Group was heavily impacted by the national lockdown restrictions imposed to contain the advance of the COVID-19 virus. For the first time ever, the business totally closed for a month and placed all of the staff on furlough from the end of March. Due to the generous financial support provided by the government with reductions in rates and the furlough scheme, the company was able to significantly reduce its cost base to allow it to come out of lockdown without having had a catastrophic impact on profits. Combined with this, the time in lockdown seemed to have stored up demand for vehicles and servicing which allowed the group to have an incredibly strong performance in the third quarter which required the business to adapt to a different way of trading - utilising online and remote sales, we were able to continue the business successfully during the November lockdowns and indeed have continued this trend into the 1st quarter of 2021.

In summary through a combination of reduced costs and an adaption of our business model to further embrace online sales, the company has managed to produce a good result, which the directors are very pleased with.

The directors are optimistic about 2021, but the challenge will be to return to a more normal state of affairs in terms of its cost base as the government gradually removes the support packages that it has had in place for the last 12 months.

Key performance indicators

The company monitors its performance using key performance indicators. The company considers its main key performance indicators to be turnover, gross profit, shareholders' funds and gross margin percentage. Performance on these measures is shown below and is in line with expectations of the board.

	2020	2019	% change
Turnover	£42,082,792	£58,851,367	(28.49%)
Gross profit	£1,415,092	£2,772,517	(48.96%)
Shareholders' funds	£4,224,847	£3,922,780	7.70%
Gross margin	3.36%	4.71%	

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES

General economic circumstances

As mentioned before, as the country returns to normal, the Group will have to re-adapt to operating without significant government support, however the directors are optimistic that as long as the COVID-19 infection rate continues on its current trajectory, there will be strong demand for its products and services.

Information systems

The company operates and is very reliant on its IT and computerised management systems. The interruption of this could have an adverse effect on the company's ability to manage its business.

Competition

Motor distribution is a very competitive sector, and as such the business is always at risk from aggressive competitors.

The group believes that its superior customer service will help mitigate this risk.

Franchise agreements

The company holds franchises with Ford, Renault and Dacia. All of these agreements are subject to termination under certain circumstances. The loss of any of the franchises held could have a material effect on the business.

Regulatory compliance

The company is regulated by the FCA for sales of insurance products. In 2013 the FCA also took over responsibility for sale of consumer credit. The Group has to therefore comply with the regulatory regime and failure to do this could result in fines or even the cessation of some business. This risk is mitigated by the company through close monitoring of regulatory compliance.

SECTION 172(1) STATEMENT

The board of directors of Kirby Jones Limited collectively consider that they have acted in a way to promote the success of the business in the decisions taken in the year ended 31 December 2020 and the approval of the business plan for 2021.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The members of the board of Kirby Jones Ltd are committed to being a responsible business. Our behaviours and decision making are focused on growing a strong and stable business and we engage with all its customers, staff and suppliers.

Suppliers

The company is a main dealer with two of the major global manufacturers and we work to develop and maintain the relationship with them to ensure the changing standards and requirements for the manufacturers' brand are met.

Customers

The board engages with customers through feedback to ensure that our own brand is developed and our reputation for being a family owned and operated business enhances the customer experience.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Due to the nature and size of the group the directors fulfil their duties by utilising a governance framework and they delegate the day-to-day decision making to key management personnel, whilst maintaining the overall control of the processes and procedures the company operates.

ON BEHALF OF THE BOARD:

J R Davies - Director

14 May 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a motor retailer.

DIVIDENDS

An interim dividend of £0.479998 per share was paid on 31 December 2020. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2020 will be £ 240,000 .

EVENTS SINCE THE END OF THE YEAR

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

DIRECTORS

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

J R Davies
B R Pritchard
N D Sullivan
C J D Taylor

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen, in accordance with s414C(11) of the Companies Act, to set out in the company's strategic report information regarding the review of business and a description of the principal risks and uncertainties facing the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITORS

The auditors, D.R.E. & Co. (Audit) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J R Davies - Director

14 May 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KIRBY JONES LIMITED

Opinion

We have audited the financial statements of Kirby Jones Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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

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

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

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KIRBY JONES LIMITED**

Matters on which we are required to report by exception

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 Report of the Directors.

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 four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KIRBY JONES LIMITED

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 a Report of the Auditors 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.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the motor retail sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, Financial Conduct Authority, employment, environmental, health and safety legislation. We also consider regulations such as General Data Protection Regulations, Anti money laundering, Consumer Rights Act throughout the audit..
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- reviewing the client's system notes and internal controls.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- review of the cashbook to identify any large or unusual transactions that appear to have no commercial basis.
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KIRBY JONES LIMITED**

- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Auditors.

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 a Report of the Auditors 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.

Aled Davies F.C.C.A. (Senior Statutory Auditor)
for and on behalf of D.R.E. & Co. (Audit) Limited
6 Claremont Buildings
Claremont Bank
Shrewsbury
Shropshire
SY1 1RJ

21 May 2021

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31.12.20 £	31.12.19 £
TURNOVER	4	42,082,792	58,851,367
Cost of sales		(40,667,700)	<u>(56,078,850)</u>
GROSS PROFIT		1,415,092	<u>2,772,517</u>
Administrative expenses		(1,500,178)	<u>(1,710,984)</u>
		(85,086)	<u>1,061,533</u>
Other operating income		1,085,981	<u>197,547</u>
OPERATING PROFIT	6	1,000,895	<u>1,259,080</u>
Interest payable and similar expenses	7	(324,308)	<u>(373,975)</u>
PROFIT BEFORE TAXATION		676,587	<u>885,105</u>
Tax on profit	8	(134,520)	<u>(191,014)</u>
PROFIT FOR THE FINANCIAL YEAR		542,067	<u>694,091</u>

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31.12.20 £	31.12.19 £
PROFIT FOR THE YEAR		542,067	694,091
OTHER COMPREHENSIVE INCOME		_____ -	_____ -
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		===== 542,067	===== 694,091

BALANCE SHEET
31 DECEMBER 2020

	Notes	31.12.20		31.12.19	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		3,265,268		3,243,598
Investment property	11		800,000		<u>800,000</u>
			4,065,268		<u>4,043,598</u>
CURRENT ASSETS					
Stocks	12	11,869,457		13,723,466	
Debtors	13	1,243,173		1,794,755	
Cash at bank and in hand		<u>71,476</u>		<u>668,392</u>	
		13,184,106		16,186,613	
CREDITORS					
Amounts falling due within one year	14	12,828,135		<u>16,007,980</u>	
NET CURRENT ASSETS			<u>355,971</u>		<u>178,633</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,421,239		4,222,231
CREDITORS					
Amounts falling due after more than one year	15		(54,635)		(158,025)
PROVISIONS FOR LIABILITIES	19		<u>(141,757)</u>		<u>(141,426)</u>
NET ASSETS			<u>4,224,847</u>		<u><u>3,922,780</u></u>
CAPITAL AND RESERVES					
Called up share capital	20		500,002		500,002
Revaluation reserve	21		1,182,767		1,206,223
Retained earnings	21		<u>2,542,078</u>		<u>2,216,555</u>
SHAREHOLDERS' FUNDS			<u>4,224,847</u>		<u><u>3,922,780</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 May 2021 and were signed on its behalf by:

J R Davies - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2019	500,002	2,499,008	1,229,679	4,228,689
Changes in equity				
Dividends	-	(1,000,000)	-	(1,000,000)
Total comprehensive income	-	717,547	(23,456)	694,091
Balance at 31 December 2019	<u>500,002</u>	<u>2,216,555</u>	<u>1,206,223</u>	<u>3,922,780</u>
Changes in equity				
Dividends	-	(240,000)	-	(240,000)
Total comprehensive income	-	565,523	(23,456)	542,067
Balance at 31 December 2020	<u>500,002</u>	<u>2,542,078</u>	<u>1,182,767</u>	<u>4,224,847</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATUTORY INFORMATION

Kirby Jones Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

These financial statements are for the individual entity only.

The financial statements are presented in Sterling (£), rounded to the nearest £1.

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 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of fixed assets and note 3 for the useful economic lives for each class of asset.

The company makes an estimate of the fair value of investment property. When assessing fair value of property, management considers factors including the conditions of the property, any future plans for the property and independent advice as to the current value of properties owned by the company. See note 11 for the net carrying amount of investment properties.

The company is a motor vehicle retailer. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of vehicles. See note 12 for the net carrying amount of stock.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of debtors.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Vehicle sales are recognised at the earlier of the delivery of the vehicle to the customer or the point at which the customer becomes legally committed to purchasing the vehicle. Bonus income for the sale of vehicles is recognised in the period to which it relates for general fleet bonuses. Bonus income relating to specific vehicles is recognised when that vehicle is sold. The sale of parts and servicing is recognised when goods and services are provided.

Tangible fixed assets

Freehold land and property are stated under the valuation method.

Other tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter:

Freehold land	- not provided
Freehold property	- 2% straight line
Plant & machinery	- 10%, 15%, 25% and 50% straight line
Fixtures & fittings	- 15% straight line
Motor vehicles	- 15% and 25% straight line

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES - continued

Government grants

Grants of a revenue nature are recognised in income over the period in which the company recognises the related costs, for which the grant is intended to compensate.

During the year, the company received government grants of £648,224 under the Coronavirus Job Retention Scheme (CJRS), which is recognised in income. The company has also benefited from other forms of government assistance during the period, including rates relief.

Investment property

Investment property is shown at fair value. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Consignment stocks are recognised in the balance sheet by the company as it considers that it enjoys the benefits and rewards along with the risks of ownership. The corresponding liability is recorded in liabilities due within one year.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) 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 loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset 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) despite having retained some significant risks and rewards of ownership, 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank and other loans, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****3. ACCOUNTING POLICIES - continued****Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

4. TURNOVER

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

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

	31.12.20	31.12.19
	£	£
Sale of goods	39,976,793	56,203,541
Rendering of services	<u>2,105,999</u>	<u>2,647,826</u>
	<u>42,082,792</u>	<u>58,851,367</u>

5. EMPLOYEES AND DIRECTORS

	31.12.20	31.12.19
	£	£
Wages and salaries	2,584,175	2,254,478
Social security costs	254,552	288,652
Other pension costs	89,753	61,915
	<u>2,928,480</u>	<u>2,605,045</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****5. EMPLOYEES AND DIRECTORS - continued**

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

	31.12.20	31.12.19
Directors	1	1
Other direct and indirect staff	<u>120</u>	<u>119</u>
	<u>121</u>	<u>120</u>
	31.12.20	31.12.19
	£	£
Directors' remuneration	136,855	136,360
Directors' pension contributions to money purchase schemes	<u>7,169</u>	<u>2,890</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	-----------------	----------

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.20	31.12.19
	£	£
Hire of plant and machinery	1,684	3,449
Depreciation - owned assets	160,222	145,589
Depreciation - assets on hire purchase contracts	27,679	12,130
Loss on disposal of fixed assets	57	914
Auditors' remuneration	10,000	16,000
Auditors' remuneration for non audit work	14,520	10,995
Operating lease - land & buildings	40,000	40,000
Income from operating leases	<u>(30,000)</u>	<u>(30,000)</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.20	31.12.19
	£	£
Stocking loan interest	284,308	301,975
Interest paid to group	<u>40,000</u>	<u>72,000</u>
	<u>324,308</u>	<u>373,975</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****8. TAXATION****Analysis of the tax charge**

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

	31.12.20	31.12.19
	£	£
Current tax:		
UK corporation tax	134,189	137,993
Deferred tax	331	<u>53,021</u>
Tax on profit	<u>134,520</u>	<u>191,014</u>

Reconciliation of total tax charge included in profit and loss

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

	31.12.20	31.12.19
	£	£
Profit before tax	<u>676,587</u>	<u>885,105</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	128,552	168,170
Effects of:		
Expenses not deductible for tax purposes	1,187	(1,482)
Capital allowances in excess of depreciation	-	(27,739)
Depreciation in excess of capital allowances	8,789	-
Group relief surrendered by group companies	(4,339)	(956)
Deferred tax	331	<u>53,021</u>
Total tax charge	<u>134,520</u>	<u>191,014</u>

9. DIVIDENDS

	31.12.20	31.12.19
	£	£
Ordinary shares of £1 each		
Interim	<u>240,000</u>	<u>1,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****10. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 1 January 2020	2,972,917	117,031	812,827
Additions	107,684	-	62,372
Disposals	-	-	(378,556)
At 31 December 2020	<u>3,080,601</u>	<u>117,031</u>	<u>496,643</u>
DEPRECIATION			
At 1 January 2020	262,603	49,728	531,921
Charge for year	63,763	2,340	72,342
Eliminated on disposal	-	-	(378,029)
At 31 December 2020	<u>326,366</u>	<u>52,068</u>	<u>226,234</u>
NET BOOK VALUE			
At 31 December 2020	<u>2,754,235</u>	<u>64,963</u>	<u>270,409</u>
At 31 December 2019	<u>2,710,314</u>	<u>67,303</u>	<u>280,906</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2020	325,509	55,526	4,283,810
Additions	12,352	38,882	221,290
Disposals	(80,727)	(55,526)	(514,809)
At 31 December 2020	<u>257,134</u>	<u>38,882</u>	<u>3,990,291</u>
DEPRECIATION			
At 1 January 2020	151,626	44,334	1,040,212
Charge for year	43,125	6,331	187,901
Eliminated on disposal	(80,727)	(44,334)	(503,090)
At 31 December 2020	<u>114,024</u>	<u>6,331</u>	<u>725,023</u>
NET BOOK VALUE			
At 31 December 2020	<u>143,110</u>	<u>32,551</u>	<u>3,265,268</u>
At 31 December 2019	<u>173,883</u>	<u>11,192</u>	<u>3,243,598</u>

Tangible fixed assets with a carrying value of £2,269,879 (2019: £2,227,971) are pledged as security for the group's bank loans.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****10. TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31 December 2020 is represented by:

	Freehold land and buildings £	Short leasehold £	Plant and machinery £
Valuation in 2018	(104,769)	-	-
Cost	<u>3,185,370</u>	<u>117,031</u>	<u>496,643</u>
	<u>3,080,601</u>	<u>117,031</u>	<u>496,643</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2018	-	-	(104,769)
Cost	<u>257,134</u>	<u>38,882</u>	<u>4,095,060</u>
	<u>257,134</u>	<u>38,882</u>	<u>3,990,291</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	31.12.20	31.12.19
	£	£
Cost	<u>2,111,738</u>	<u>2,004,053</u>
Aggregate depreciation	<u>544,347</u>	<u>499,962</u>
Value of land in freehold land and buildings	<u>510,382</u>	<u>510,382</u>

The value of land and buildings is based on valuations performed by James R Evans MRICS.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****10. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 January 2020 and 31 December 2020	<u>156,003</u>	<u>80,524</u>	<u>236,527</u>
DEPRECIATION			
At 1 January 2020	5,200	8,019	13,219
Charge for year	<u>15,600</u>	<u>12,079</u>	<u>27,679</u>
At 31 December 2020	<u>20,800</u>	<u>20,098</u>	<u>40,898</u>
NET BOOK VALUE			
At 31 December 2020	<u>135,203</u>	<u>60,426</u>	<u>195,629</u>
At 31 December 2019	<u>150,803</u>	<u>72,505</u>	<u>223,308</u>

11. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 January 2020 and 31 December 2020	<u>800,000</u>
NET BOOK VALUE	
At 31 December 2020	<u>800,000</u>
At 31 December 2019	<u>800,000</u>

If investment property had not been revalued they would have been included at the following historical cost:

	2020 £	2019 £
Cost	631,258	631,258
Aggregate depreciation	249,815	237,190

Investment property with a value of £800,000 (2019: £800,000) is pledged as security for the group's bank loans.

The fair value of investment property is based on a valuation performed by James R Evans MRICS.

12. STOCKS

	31.12.20 £	31.12.19 £
Vehicles, parts and sundry stock	<u>11,869,457</u>	<u>13,723,466</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.20	31.12.19
	£	£
Trade debtors	311,934	715,822
Amounts owed by group undertakings	16,584	474,919
Other debtors	82,569	195,064
VAT	698,565	222,530
Prepayments and accrued income	133,521	186,420
	<u>1,243,173</u>	<u>1,794,755</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20	31.12.19
	£	£
Bank loans and overdrafts (see note 16)	12,749	12,749
Hire purchase contracts (see note 17)	86,718	88,524
Trade creditors	11,785,925	15,005,791
Amounts owed to other group companies	169,621	-
Corporation tax	134,189	137,993
Social security and other taxes	74,877	71,947
Other creditors	386,497	495,512
Accruals and deferred income	177,559	195,464
	<u>12,828,135</u>	<u>16,007,980</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.20	31.12.19
	£	£
Bank loans (see note 16)	7,437	23,628
Hire purchase contracts (see note 17)	47,198	134,397
	<u>54,635</u>	<u>158,025</u>

16. LOANS

An analysis of the maturity of loans is given below:

	31.12.20	31.12.19
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>12,749</u>	<u>12,749</u>
Amounts falling due between one and two years:		
Bank loans	<u>7,437</u>	<u>12,749</u>
Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>10,879</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.20	31.12.19
	£	£
Gross obligations repayable:		
Within one year	97,619	99,426
Between one and five years	<u>53,648</u>	<u>151,267</u>
	<u>151,267</u>	<u>250,693</u>
Finance charges repayable:		
Within one year	10,901	10,902
Between one and five years	<u>6,450</u>	<u>16,870</u>
	<u>17,351</u>	<u>27,772</u>
Net obligations repayable:		
Within one year	86,718	88,524
Between one and five years	<u>47,198</u>	<u>134,397</u>
	<u>133,916</u>	<u>222,921</u>
	Non-cancellable	operating
	31.12.20	31.12.19
	£	£
Within one year	40,000	40,000
Between one and five years	160,000	160,000
In more than five years	<u>123,333</u>	<u>163,333</u>
	<u>323,333</u>	<u>363,333</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****18. SECURED DEBTS**

The following secured debts are included within creditors:

	31.12.20	31.12.19
	£	£
Bank loans	20,186	36,377
Hire purchase contracts	133,916	222,921
Trade creditors	11,356,418	11,540,764
	<u>11,510,520</u>	<u>11,800,062</u>

The overdraft facility is secured by a debenture dated 3 September 2015 to Lloyds Bank Plc. The overdraft is also secured by an unlimited Inter Company Guarantee dated 3 September 2015 with the following group companies: W R Davies (Trading) Limited, W R Davies (2004) Limited, W R Davies (Stafford) Limited, W R Davies Limited and W R Davies (Motors) Limited.

An unlimited multilateral guarantee exists in respect of bank borrowings - further details are given in the contingent liabilities note.

The bank holds a fixed 1st legal charge over the premises at Llandudno Junction and Llangefni dated 3 September 2015.

Hire purchase liabilities are secured upon the assets to which they relate.

Included within trade creditors is the amount of £9,713,031 (2019: £10,198,641) relating to consigned vehicle stocks which are secured on the individual vehicle stocks to which they relate.

Included within trade creditors is the amount of £1,643,387 due to Lombard North Central Plc in respect of vehicle stocking loans (2019: £1,342,123). Outstanding amounts are secured over the vehicle stock to which they relate.

19. PROVISIONS FOR LIABILITIES

	31.12.20	31.12.19
	£	£
Deferred tax		
Accelerated capital allowances	99,882	99,551
Deferred tax on rollover relief	41,875	41,875
	<u>141,757</u>	<u>141,426</u>
		Deferred tax
		£
Balance at 1 January 2020		141,426
Provided during year		331
Balance at 31 December 2020		<u>141,757</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.20	31.12.19
		£1	£	£
500,002	Ordinary		<u>500,002</u>	<u>500,002</u>

Each ordinary share is entitled to one vote in any circumstances.

21. RESERVES

	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1 January 2020	2,216,555	1,206,223	3,422,778
Profit for the year	542,067	-	542,067
Dividends	(240,000)	-	(240,000)
Release of revaluation reserve	23,456	(23,456)	-
At 31 December 2020	<u>2,542,078</u>	<u>1,182,767</u>	<u>3,724,845</u>

Called-up share capital represents the nominal value of shares that have been issued.

Revaluation reserve represents the amount by which the net book value of fixed assets exceed carrying value.

Retained earnings includes all current and prior period retained profits and losses as well as non distributable reserves totalling £168,742 (2019: £168,742).

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. There were unpaid contributions of £14,305 at 31 December 2020 (2019: £8,055) which are included within accruals and deferred income.

23. CONTINGENT LIABILITIES

The company has an unlimited Inter Company guarantee in respect of bank borrowings with the following group companies: W R Davies (Motors) Limited, W R Davies Limited, W R Davies (Stafford) Limited, W R Davies (Trading) Limited, and W R Davies (2004) Limited. As at the year end the potential contingent liability for Kirby Jones Limited amounted to £3,151,174 (2019: £4,524,612).

During a prior year the Group Companies entered into a Vehicle Stocking Loan Facility with Lombard North Central Plc. The cross guarantors within this agreement are W R Davies (Motors) Limited, W R Davies Limited, W R Davies (Stafford) Limited, Kirby Jones Limited, W R Davies (2004) Limited and W R Davies (Trading) Limited. As at the year end the potential contingent liability for Kirby Jones Limited amounted to £1,762,664 (2019: £1,145,696).

The total potential contingent liability for Kirby Jones Limited amounted to £4,913,838 (2019: £5,670,308).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020****24. CAPITAL COMMITMENTS**

	31.12.20	31.12.19
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>58,704</u>

25. TRANSACTIONS WITH DIRECTORS

The company's premises in Rhyl are owned by the W R Davies (Motors) Limited Pension Scheme. The pension scheme beneficiaries are some of the directors of Kirby Jones Limited.

The premises are leased to the company and during the year rent of £40,000 (2019: £40,000) was paid to the pension scheme.

26. RELATED PARTY DISCLOSURES

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

W R Davies (Motors) Limited, a company registered in England and Wales, is the parent undertaking of both the largest and the smallest group for which group accounts are drawn up which include Kirby Jones Limited.

Group accounts are freely available from Companies House.

The address of its registered office is Conwy Road, Llandudno Junction, Gwynedd, LL31 9BA.

27. POST BALANCE SHEET EVENTS

Post year end, the company's dealerships continue to face disruption as a result of the COVID-19 pandemic. The country faced a third lockdown in early 2021, and the company continues to utilise the government's furlough scheme and other government assistance available in order to minimise the financial impact of the temporary closures. It is not possible to estimate the financial effect, however, the directors have reviewed post year end trading, forecasts and the continued availability of finance and are satisfied that the going concern basis of preparation remains appropriate.

28. CONTROLLING PARTY

The company is controlled by its parent undertaking, W R Davies (Motors) Limited. The ultimate controlling party is J R Davies Esq, a director of the company, by virtue of a controlling shareholding in W R Davies (Motors) Limited.

29. OPERATING LEASE INCOME

Minimum lease income receipts under non-cancellable operating leases fall as follows:

	31.12.20	31.12.19
	£	£
Within one year	30,000	30,000
Between one and five years	<u>55,000</u>	<u>85,000</u>
	<u>85,000</u>	<u>115,000</u>