

Company Registration No. 00986050 (England and Wales)

**Hadwins (Lindale) Limited**  
**Annual Report and Financial**  
**Statements**  
**For the Year Ended**  
**31 December 2022**

# HADWINS (LINDALE) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr R W Allen Mrs R A Hebden
<b>Secretary</b>	Mrs R A Hebden
<b>Company number</b>	00986050
<b>Registered office</b>	Floor 1, Capital House 8 Pittman Court, Pittman Way, Fulwood Preston Lancashire United Kingdom PR2 9ZG
<b>Auditor</b>	Azets Audit Services Chartered Accountants Floor 1, Capital House 8 Pittman Court, Pittman Way, Fulwood Preston Lancashire United Kingdom PR2 9ZG
<b>Bankers</b>	Handelsbanken 1st Floor East Bridge Mills Kendal LA9 4BD
<b>Solicitors</b>	Oglethorpe, Sturton and Gillibrand 16 Castle Park Lancaster United Kingdom LA1 1YG

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# HADWINS (LINDALE) LIMITED

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# HADWINS (LINDALE) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their strategic report for the year ended 31 December 2022.

#### Principal activities

The company's principal activities during the year continued to be the sale and maintenance of new cars under the Volkswagen and Audi marques, and also the sale and maintenance of used vehicles under the 'Hadwins Approved' banner at the Kendal site (Helsington). After sales business has been consistently good throughout the year. Hadwins remains one of the few independently owned Volkswagen and Audi dealerships in the UK.

#### Business review

The global semiconductor chip shortage has continued to impact on the car industry by reducing the supply of new vehicles. This has changed the sales mix in the company from new to used vehicles. The shortage in new vehicles has created increased demand for used vehicles, resulting in higher prices.

The financial statements show an increase in turnover from £50,628,036 to £56,466,129. All income streams were affected by semiconductor shortages. The gross profit percentage has remained steady at 5.82%.

Economic conditions remain tough and pressure remain to be competitive. Our employees have worked hard through the year to continue to deliver high standards of sales and after care, and our thanks go to them for their continued hard work.

#### Position at the end of the year

The company current assets ratio has improved to 1.80 compared to 1.49 in the previous year.

#### Key performance indicators

	2022	2021
	£	£
Turnover	56,466,129	50,628,036
Gross profit	3,288,610	2,993,477
Gross margin	5.82%	5.91%
Operating profit	1,378,510	1,461,045
Profit after tax	1,100,749	1,189,700
Net current assets	3,812,210	2,860,801
Shareholders' funds	8,423,612	7,562,775

# HADWINS (LINDALE) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Principal risks and uncertainties**

As in all businesses, the company is subject to a number of risks, which it seeks to mitigate. The principal risks and areas of uncertainty are as follows:

#### *Franchise agreement*

The company relies on the continuation of its franchise agreement with Volkswagen Group and is dependent on them for the manufacture and supply of quality new vehicle products. However, Hadwins has a strong working relationship with VW Group and the directors are confident that VW will continue to produce competitively priced and high quality cars which meet customer expectations. Therefore, the directors consider that this "manufacturers risk" is minimal.

#### *Competition risk*

The new and used vehicle market is a competitive one and there is always a risk that customers will look to other suppliers or the internet. This risk is mitigated by building our strong reputation and ensuring that we remain competitive and meet customer expectations.

Customer satisfaction is a top priority of the Hadwins Group. Both Hadwins Volkswagen and Lake District Audi continued to perform consistently well.

#### *Having the right team*

Any business is only as good as its team, and we are proud of the fact that we have low staff turnover. We strive to attract and retain the best people, to ensure continuity for our customers. We invest heavily in training and communicate openly with staff. As a result, we have loyalty and longevity in our team with many knowledgeable and experienced staff who collaborate closely and have real empathy with our customers.

#### *Economic downturn*

The car market is affected by changes in general economic conditions, such as interest rate increases and fuel price rises which all affect consumer confidence and spending. However, any cyclical reduction in spending on new cars is generally offset with an increase in spending in the used car and after sales market. Whilst we have experienced a few years of economic uncertainty, careful management and modification of pricing strategies has been used to reduce the impact on company results.

#### *Stock value risk*

Like all motor dealers, the company faces the risk that stock may fall in value due to specific industry/marque factors or a general downturn. To mitigate this risk the company aims to ensure that it carries an appropriate mix of vehicles both in terms of quantity and price, and that any fall in value is recognised immediately as required by the company's write down policy.

#### *Supply risk*

The company faces the risk that supply of vehicles from VW Group may not be available. To mitigate this risk the company has a close working relationship with VW Group and so is able to monitor any supply issues.

On behalf of the board

Mr R W Allen

**Director**

17 May 2023

# HADWINS (LINDALE) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and financial statements for the year ended 31 December 2022.

#### Results and dividends

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

Ordinary dividends were paid amounting to £239,912. The directors do not recommend payment of a further dividend.

#### Directors

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

Mr R W Allen  
Mrs R A Hebden

#### Financial instruments

The company's financial assets and liabilities consist of trade debtors and creditors, bank loans, stocking loans, and consignment stock. Their existence exposes the company to a number of financial risks, which the company seeks to manage and limit the potential adverse effect. These policies remain unchanged from previous years. The main risks are:

##### *Interest rate risk*

The company funds capital works through the use of a bank loan and the bank overdraft is used in peak periods. However, due to the limited use of the overdraft facility and low interest risk the company is well placed to absorb any risks in interest rates.

##### *Liquidity risk*

The liquidity risk of the company is considered to be low because the company has a healthy net assets position at the year end and strong cash flow generated from operations. In addition, further finance is available under the current loan agreement.

##### *Credit risk*

The company has very low trade debtors. The vast majority of transactions are not on credit terms. Customers pay for the goods or services at the point of sale. Trade on credit is with reputable, long standing customers and there is a strict credit control system in place. Hence credit risk is considered low.

#### Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# HADWINS (LINDALE) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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;
- 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 of disclosure to auditor**

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

On behalf of the board

Mr R W Allen  
**Director**

17 May 2023

# HADWINS (LINDALE) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HADWINS (LINDALE) LIMITED

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#### Opinion

We have audited the financial statements of Hadwins (Lindale) Limited (the 'company') for the year ended 31 December 2022 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 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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



## **HADWINS (LINDALE) LIMITED**

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

#### **TO THE MEMBERS OF HADWINS (LINDALE) LIMITED**

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##### **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 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 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.

##### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **HADWINS (LINDALE) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HADWINS (LINDALE) LIMITED**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Julie Flintoff BA(Hons) FCA (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**  
**Statutory Auditor**  
**PRESTON**

**17 May 2023**

## HADWINS (LINDALE) LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue	3	56,466,129	50,628,036
Cost of sales		(53,177,519)	(47,634,559)
<b>Gross profit</b>		<b>3,288,610</b>	<b>2,993,477</b>
Administrative expenses		(1,949,845)	(1,661,931)
Other operating income		39,745	129,499
<b>Operating profit</b>	4	<b>1,378,510</b>	<b>1,461,045</b>
Investment income	7	11	137
Finance costs	8	(3,066)	(7,631)
<b>Profit before taxation</b>		<b>1,375,455</b>	<b>1,453,551</b>
Tax on profit	9	(274,706)	(263,851)
<b>Profit for the financial year</b>		<b>1,100,749</b>	<b>1,189,700</b>

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

# HADWINS (LINDALE) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Non-current assets</b>					
Property, plant and equipment	11	4,784,022		4,865,375	
Investments	12		101		101
			<u>4,784,123</u>		<u>4,865,476</u>
<b>Current assets</b>					
Inventories	14	6,209,201		8,180,586	
Trade and other receivables	15	677,229		475,198	
Cash and cash equivalents		1,695,756		1,667	
		<u>8,582,186</u>		<u>8,657,451</u>	
<b>Current liabilities</b>	16	(4,769,976)		(5,796,650)	
<b>Net current assets</b>			<u>3,812,210</u>		<u>2,860,801</u>
<b>Total assets less current liabilities</b>			<u>8,596,333</u>		<u>7,726,277</u>
<b>Non-current liabilities</b>	17		(4,520)		(5,424)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	168,201		158,078	
		<u>(168,201)</u>		<u>(158,078)</u>	
<b>Net assets</b>			<u><u>8,423,612</u></u>		<u><u>7,562,775</u></u>
<b>Equity</b>					
Called up share capital	23		3,000		3,000
Share premium account			56,785		56,785
Revaluation reserve			298,735		304,509
Retained earnings			8,065,092		7,198,481
<b>Total equity</b>			<u><u>8,423,612</u></u>		<u><u>7,562,775</u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 May 2023 and are signed on its behalf by:

Mr R W Allen  
Director

Company Registration No. 00986050

# HADWINS (LINDALE) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2021</b>		3,000	56,785	309,621	6,186,274	6,555,680
<b>Year ended 31 December 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	1,189,700	1,189,700
Dividends	10	-	-	-	(182,605)	(182,605)
Transfers		-	-	(5,112)	5,112	-
<b>Balance at 31 December 2021</b>		3,000	56,785	304,509	7,198,481	7,562,775
<b>Year ended 31 December 2022:</b>						
Profit and total comprehensive income for the year		-	-	-	1,100,749	1,100,749
Dividends	10	-	-	-	(239,912)	(239,912)
Transfers		-	-	(5,774)	5,774	-
<b>Balance at 31 December 2022</b>		3,000	56,785	298,735	8,065,092	8,423,612

## **HADWINS (LINDALE) LIMITED**

### **STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Stock**

As stocks are valued at the lower of cost and net realisable value this requires the estimation of the eventual sales price of goods in the future. Stock net realisable value includes, where necessary, provisions against vehicles and parts. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, competitive and economic environment and stock loss trends. The quantity, age and condition of stocks are measured monthly and assessed as to whether any provision is required.

##### **Depreciation and residual values**

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values remain appropriate. Detail of the useful lives is included in the accounting policies.

## **HADWINS (LINDALE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2 Accounting policies**

##### **Company information**

Hadwins (Lindale) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Floor 1, Capital House, 8 Pittman Court, Pittman Way, Fulwood, Preston, PR2 9ZG.

The principal place of business is Lindale, Grange Over Sands, LA11 6LP.

The company's principal activities and nature of operations are detailed in the strategic report.

The company is tax resident in the United Kingdom.

##### **2.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Expertband Limited. These consolidated financial statements are available from its registered office, Floor 1 Capital House, 8 Pittman Court, Pittman Way Fulwood, Preston, Lancashire, PR2 9ZG.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Hadwins (Lindale) Limited is a wholly owned subsidiary of Expertband Limited and the results of Hadwins (Lindale) Limited are included in the consolidated financial statements of Expertband Limited.

##### **2.2 Going concern**

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

## HADWINS (LINDALE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2 Accounting policies

(Continued)

##### 2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable in respect of the invoice value of vehicle sales, parts, servicing and bodyshop sales provided during the year, excluding value added tax and trade discounts.

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

Vehicle and parts sales are recognised when substantially all risks and rewards have been transferred to the customer. This is generally the time of delivery to the customer.

Service and bodyshop revenue is recognised on the day that the work is carried out.

The sale of warranties is recognised as revenue on the day the warranty commences. Warranties are sold onto an outside company and therefore none of the risks are borne by Hadwins (Lindale) Limited.

Rental and other income is recognised in the period to which it relates so long as the receipt of the income is more certain than not.

##### 2.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold buildings	2% Straight Line
Plant and machinery	10% Straight Line
Fixtures, fittings & equipment	10-50% Straight Line
Motor vehicles	4-25% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Included within freehold land & buildings is land which is not depreciated.

##### 2.5 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.



## HADWINS (LINDALE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2 Accounting policies

(Continued)

##### 2.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

##### 2.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell after making due allowance for obsolete and slow moving stock.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Consignment inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Consignment inventories are recognised as being under the control of the company as the company bears the risks of obsolescence and slow moving inventory. The corresponding liability is included in trade creditors and is secured directly on these vehicles.

##### 2.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 2.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

## HADWINS (LINDALE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 a 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.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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

Basic financial liabilities, including trade and other payables and bank 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 2.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

## HADWINS (LINDALE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2 Accounting policies

(Continued)

##### 2.11 Taxation

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

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 2.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### 2.13 Retirement benefits

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

##### 2.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### 2.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

## HADWINS (LINDALE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Revenue

An analysis of the company's revenue is as follows:

	2022 £	2021 £
<b>Revenue analysed by class of business</b>		
Sale of goods	53,744,947	48,191,218
Rendering of services	2,721,182	2,436,818
	<u>56,466,129</u>	<u>50,628,036</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	11	137
Grants received	-	103,944
	<u>-</u>	<u>103,944</u>

#### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(103,944)
Fees payable to the company's auditor for the audit of the company's financial statements	19,250	19,250
Depreciation of owned property, plant and equipment	255,120	241,296
Profit on disposal of property, plant and equipment	(200)	(21,063)
	<u>274,170</u>	<u>155,599</u>

**HADWINS (LINDALE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****5 Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Service staff	51	45
Administrative staff	29	27
Management staff	6	6
Sales staff	20	20
	<hr/>	<hr/>
Total	106	98
	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,747,565	3,222,606
Social security costs	375,368	311,374
Pension costs	125,615	155,053
	<hr/>	<hr/>
	4,248,548	3,689,033
	<hr/> <hr/>	<hr/> <hr/>

**6 Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	94,497	87,643
Company pension contributions to defined contribution schemes	4,381	38,000
	<hr/>	<hr/>
	98,878	125,643
	<hr/> <hr/>	<hr/> <hr/>

**7 Investment income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest income		
Other interest income	11	137
	<hr/>	<hr/>

# HADWINS (LINDALE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Finance costs

	2022	2021
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	502	5,398
<b>Other finance costs:</b>		
Other interest	2,564	2,233
	<u>3,066</u>	<u>7,631</u>

### 9 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	264,583	279,258
Adjustments in respect of prior periods	-	(111)
Total current tax	<u>264,583</u>	<u>279,147</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	10,123	(15,296)
Total tax charge	<u>274,706</u>	<u>263,851</u>

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

	2022	2021
	£	£
Profit before taxation	<u>1,375,455</u>	<u>1,453,551</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	261,336	276,175
Tax effect of expenses that are not deductible in determining taxable profit	14,396	13,631
Difference in corporation tax rates	(1,026)	(25,955)
Taxation charge for the year	<u>274,706</u>	<u>263,851</u>

### 10 Dividends

	2022	2021
	£	£
Final paid	<u>239,912</u>	<u>182,605</u>

# HADWINS (LINDALE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Property, plant and equipment

	Freehold land & buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2022	5,459,179	1,209,183	682,840	143,705	7,494,907
Additions	2,400	130,495	35,218	5,654	173,767
Disposals	-	(1,491)	(10,829)	-	(12,320)
At 31 December 2022	5,461,579	1,338,187	707,229	149,359	7,656,354
<b>Depreciation and impairment</b>					
At 1 January 2022	1,339,068	802,247	428,596	59,621	2,629,532
Depreciation charged in the year	101,205	78,046	62,955	12,914	255,120
Eliminated in respect of disposals	-	(1,491)	(10,829)	-	(12,320)
At 31 December 2022	1,440,273	878,802	480,722	72,535	2,872,332
<b>Carrying amount</b>					
At 31 December 2022	4,021,306	459,385	226,507	76,824	4,784,022
At 31 December 2021	4,120,111	406,936	254,244	84,084	4,865,375

Tangible fixed assets with a carrying amount of £4,784,022 (2021 - £4,865,375) have been pledged as security for the company's bank facilities. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

On transition to FRS 102 the company elected to take the valuation of the Lindale site of £840,000, being the open market value for existing use basis on 17 December 1997 by A D Taylor, BSc ARICS, as its deemed cost.

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the carrying amounts would have been £3,722,571 (2021 - £3,815,602), being cost £5,061,076 (2021 - £5,058,676) and depreciation £1,338,505 (2021 - £1,243,074).

### 12 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	13	101	101

## HADWINS (LINDALE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 13 Subsidiaries

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

Details of the company's subsidiaries at 31 December 2022 are as follows:

Lake District Audi Limited - Dormant wholly owned subsidiary registered in England & Wales.

Staveley Autos Limited - Dormant wholly owned subsidiary registered in England & Wales.

#### 14 Inventories

	2022	2021
	£	£
New and used vehicles	3,874,488	4,834,838
Demonstrator vehicles	1,392,846	1,330,771
Consignment vehicles	806,602	1,866,317
Parts and other	135,265	148,660
	<hr/>	<hr/>
	6,209,201	8,180,586
	<hr/>	<hr/>

All inventory is pledged as security.

#### 15 Trade and other receivables

	2022	2021
	£	£
Amounts falling due within one year:		
Trade receivables	441,524	282,340
Prepayments and accrued income	235,705	192,858
	<hr/>	<hr/>
	677,229	475,198
	<hr/>	<hr/>



# HADWINS (LINDALE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Current liabilities

	Notes	2022 £	2021 £
Bank overdrafts	18	-	371,975
Consignment Stock		806,602	1,866,317
Trade payables		2,535,316	2,143,358
Amounts due to group undertakings		102	102
Corporation tax		264,571	279,258
Other taxation and social security		547,697	405,173
Other payables		361,719	489,879
Accruals and deferred income		253,969	240,588
		<u>4,769,976</u>	<u>5,796,650</u>

The stocking loans included in trade payables of £1,763,382 (2021: £1,522,360) and consignment stock of £806,602 (2021: £1,866,317) are secured against the assets to which they relate.

### 17 Non-current liabilities

	Notes	2022 £	2021 £
Deferred income	21	<u>4,520</u>	<u>5,424</u>

### 18 Borrowings

	2022 £	2021 £
Bank overdrafts	<u>-</u>	<u>371,975</u>
Payable within one year	<u>-</u>	<u>371,975</u>

# HADWINS (LINDALE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
ACAs	171,966	161,497
Pension	(3,765)	(3,419)
	<u>168,201</u>	<u>158,078</u>
<b>Movements in the year:</b>		<b>2022 £</b>
Liability at 1 January 2022		158,078
Charge to profit or loss		10,123
		<u>168,201</u>
Liability at 31 December 2022		<u>168,201</u>

### 20 Provisions for liabilities

	Notes	2022 £	2021 £
Deferred tax liabilities	19	168,201	158,078
		<u>168,201</u>	<u>158,078</u>

### 21 Deferred income

	2022 £	2021 £
Other deferred income	4,520	5,424
	<u>4,520</u>	<u>5,424</u>

### 22 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	125,615	155,053
	<u>125,615</u>	<u>155,053</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

## HADWINS (LINDALE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 23 Share capital

	2022 £	2021 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,000 Ordinary shares of £1 each	3,000	3,000

The company has one class of ordinary shares which carry no right to fixed income and have no restrictions.

This reserve represents the nominal value of share that have been issued.

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

Handelsbanken hold an unlimited multilateral guarantee between the following companies:

Hadwins (Lindale) Limited  
Expertband Limited  
Staveley Autos Limited  
Lake District Audi Limited

There are currently no amounts due to the bank in respect of loans.

#### 25 Operating lease commitments

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

	2022 £	2021 £
Within one year	66,363	69,711
Between two and five years	33,878	56,242
	<u>100,241</u>	<u>125,953</u>

#### 26 Directors' transactions

During the year a director provided a loan to the company. The amount outstanding at the balance sheet date is £116,307 (2021: £46,779). The unsecured loan is interest free and repayable on demand.

The company has use of a property owned by a related company. The amount paid in respect of rent was £Nil (2021: £Nil).

## **HADWINS (LINDALE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **27 Related party transactions**

The company and its dormant subsidiaries, Lake District Audi Limited and Steveley Autos Limited, will be included in the consolidated accounts of the ultimate parent, Expertband Limited. The company has taken advantage of the exemptions provided by FRS 102 Section 1 in relation to paragraph 33.1A from disclosing transactions and balances with other group companies.

#### **28 Ultimate controlling party**

The company is a wholly owned subsidiary of Expertband Limited a company incorporated in England.

The company was under the control of Mrs R A Hebden, director and majority shareholder, throughout the current and previous year.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.