

**REGISTRAR OF
COMPANIES**

Penton Securities Limited

**Annual Report and Consolidated Financial Statements
Year Ended 31 March 2022**

Registration number: 02846221

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Penton Securities Limited

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Penton Securities Limited

Company Information

Directors Mr R J Wilson
Mr C W R Wilson
Mr J Dibden
Mr S R Wilson

Company secretary Mr J Dibden

Registered office 141 Somerford Road
Christchurch
Dorset
BH23 3PY

Auditors PKF Francis Clark
Chartered Accountants & Registered Auditors
Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

Penton Securities Limited

Strategic Report

Year Ended 31 March 2022

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

Principal activity

The principal activity of the group is that of a motor trade franchised dealer, including new Citroen vehicles, used vehicles, vehicle servicing and repairs and replacement parts.

Fair review of the business

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

	Unit	2022	2021
Revenue	£	40,429,244	33,773,283
Revenue growth	%	20	(9)
Gross profit	%	8	9

The year to 31st March 2022 has been a year of growth for the business, despite the end of Covid-19 Restrictions and many uncontrollable factors, both the Christchurch and Poole locations continue to show an excellent performance in terms turnover and profit margins.

The Directors are extremely pleased with the record 2021/22 year results for the company and the sister company (Wilson Investment Holdings Ltd) in Salisbury & Andover, both showed an increase in profitability.

This company turnover exceeded the Directors expectations. We have continued to experience the same national reduction in new vehicle sales, due to parts supply issues. We continued to improve profitability in our volume used vehicle sales departments, and this is an area the Directors will continue to concentrate on and improve all routes to all markets. After-sales departments continue to be performing well, against strong competition, especially in our after-sales replacement parts department. The company has continued to perform well in terms of composite comparisons and customer satisfaction scores. The Directors are confident that the combined Bournemouth & Poole locations will continue to improve the profitability of the family group.

Government restrictions eased regarding the Covid-19 pandemic, and whilst the furlough scheme ended, we continued to receive support from PSA / suppliers / banks / government rates reductions, these factors enabled the group to remain in a strong financial position regarding cashflow and profitability. Staffing levels have been a concern, given strong market forces in terms of increase in packages from competitors, however we have introduced salary packages to match these and staff numbers are now at the desired levels.

The Directors believe the business will continue to improve and grow for the foreseeable future. The company has produced a positive set of management accounts year to date 22/23 although Q4 2022 has been difficult in terms of lower customer sales due to government fiscal policies and the Russian invasion of Ukraine, leading to a "cost of living crisis", however they believe the company can trade through this unsettled period, probably continuing into Q1 & Q2 2023, and will still be in a strong position to continue to build on the excellent results of the previous few years.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Penton Securities Limited

Strategic Report

Year Ended 31 March 2022

Supply of vehicles

The company is reliant on its ability to purchase vehicles from its manufacturers and suppliers. This exposes the company to risks in a number of areas.

In respect of new vehicles:

- availability of new vehicles
- quality of new vehicles
- pricing of new vehicles.

The company's fortunes are also intrinsically linked to the performance and relative market share of its manufacturers.

In respect of used vehicles:

- availability of used vehicles
- quality of used vehicles purchased from suppliers
- quality of used vehicles purchased as part of a part exchange deals.

Consumer spending

The success of the business is reliant on consumer spending. An economic downturn, resulting in the reduction of consumer spending may have a direct impact of the performance of the company.

In response to this, the directors aim to keep abreast of the current economic climate and in cases of severe economic downturn marketing and pricing strategies are modified to reflect the economic climate and level of consumer spending.

There is current economic uncertainty due to the decision of the United Kingdom to leave the EU. At this stage the impact is not expected to be significant, and the unknown long term effect of the Covid-19 Pandemic.

Penton Securities Limited

Strategic Report

Year Ended 31 March 2022

Financial risk management

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

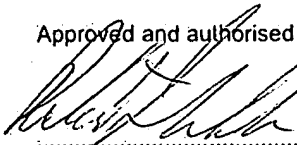
In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the careful and limited use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Stocking and consignment loans comprise loans from financial institutions. The interest rate and monthly repayments on the loans from financial institutions are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Approved and authorised by the Board on ~~24~~ 12 22 and signed on its behalf by:



Mr R J Wilson
Director

Penton Securities Limited

Directors' Report

Year Ended 31 March 2022

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

Directors of the group

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

Mr R J Wilson

Mr C W R Wilson

Mr J Dibden

Mr S R Wilson

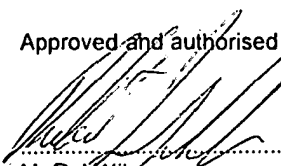
Other matters

In accordance with Section 414C(11) of the Companies Act 2006, information regarding financial risk management objectives and policies has been disclosed in the Strategic Report.

Disclosure of information to the auditor

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

Approved and authorised by the Board on 26-12-22 and signed on its behalf by:



Mr R J Wilson
Director

Penton Securities Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Penton Securities Limited

Independent Auditor's Report to the Members of Penton Securities Limited

Opinion

We have audited the financial statements of Penton Securities Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Profit and Loss Account and Statement of Retained Earnings, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows, 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 group's and the parent company's affairs as at 31 March 2022 and of the group's 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's 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 original financial statements were 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Penton Securities Limited

Independent Auditor's Report to the Members of Penton Securities Limited

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 6, 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 group's and the parent 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 group or the parent 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.

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:

Penton Securities Limited

Independent Auditor's Report to the Members of Penton Securities Limited

As part of our audit planning we obtained an understanding of the entity, its business operations, internal controls and the legal and regulatory framework that is applicable to Penton Securities Limited. As part of this assessment process we enquired with management, reviewed the company's website, policies and procedures.

We considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to the reporting framework (FRS102 and Companies Act 2006) and the relevant tax compliance regulations in the UK.

We discussed with management any instances, allegations or suspicions of fraud. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. Little was identified in the way of incentives as director's remuneration is not directly linked to revenue or GP% targets.

Based on our understanding of the entity, we designed our audit procedures to identify non-compliance with relevant laws and regulations. Our procedures involved the following:

- The risk of management override of controls was audited, including through using data analytics to test journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Review of legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

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. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.


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

Use of our report

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

Penton Securities Limited

Independent Auditor's Report to the Members of Penton Securities Limited



.....
Daniel Tout FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

Date: 29/12/2022

Penton Securities Limited

Consolidated Statement of Income and Retained Earnings

Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	3	40,429,244	33,773,283
Cost of sales		<u>(37,145,078)</u>	<u>(30,659,778)</u>
Gross profit		3,284,166	3,113,505
Administrative expenses		(2,233,443)	(1,932,552)
Gain on revaluation of investment properties		317,194	-
Other operating income	4	<u>236,710</u>	<u>350,204</u>
Operating profit	6	1,604,627	1,531,157
Interest payable and similar charges	10	<u>(56,687)</u>	<u>(35,127)</u>
Profit before tax		1,547,940	1,496,030
Taxation	11	<u>(323,706)</u>	<u>(314,374)</u>
Profit for the financial year		<u>1,224,234</u>	<u>1,181,656</u>
Retained earnings brought forward		7,700,834	6,569,178
Dividends paid		<u>(100,000)</u>	<u>(50,000)</u>
Retained earnings carried forward		<u>8,825,068</u>	<u>7,700,834</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

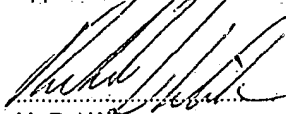
Penton Securities Limited

Consolidated Balance Sheet

31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	5,463,048	8,199,454
Investment property	13	<u>3,000,000</u>	<u>20,000</u>
		<u>8,463,048</u>	<u>8,219,454</u>
Current assets			
Stocks	15	9,683,643	9,084,522
Debtors	16	3,570,197	3,241,001
Cash at bank and in hand	17	<u>107,915</u>	<u>662,869</u>
		13,361,755	12,988,392
Creditors: Amounts falling due within one year	18	<u>(10,687,924)</u>	<u>(11,136,744)</u>
Net current assets		<u>2,673,831</u>	<u>1,851,648</u>
Total assets less current liabilities		11,136,879	10,071,102
Creditors: Amounts falling due after more than one year	18	(2,182,512)	(2,320,268)
Provisions for liabilities		<u>(79,299)</u>	<u>-</u>
Net assets		<u>8,875,068</u>	<u>7,750,834</u>
Capital and reserves			
Called up share capital	22	50,000	50,000
Profit and loss account		<u>8,825,068</u>	<u>7,700,834</u>
Equity attributable to owners of the company		<u>8,875,068</u>	<u>7,750,834</u>
Shareholders' funds		<u>8,875,068</u>	<u>7,750,834</u>

Approved and authorised by the Board on ~~24.12.21~~ **24.12.21** and signed on its behalf by:



Mr R J Wilson
Director

Company Registration Number: 02846221

Penton Securities Limited

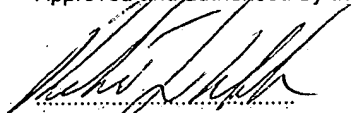
Balance Sheet

31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	5,463,048	5,520,050
Investment property	13	-	20,000
Investments	14	<u>2</u>	<u>2</u>
		<u>5,463,050</u>	<u>5,540,052</u>
Current assets			
Stocks	15	9,683,643	9,084,522
Debtors	16	4,753,720	5,921,122
Cash at bank and in hand	17	<u>11,272</u>	<u>662,150</u>
		<u>14,448,635</u>	<u>15,667,794</u>
Creditors: Amounts falling due within one year	18	<u>(10,560,732)</u>	<u>(11,136,744)</u>
Net current assets		<u>3,887,903</u>	<u>4,531,050</u>
Total assets less current liabilities		<u>9,350,953</u>	<u>10,071,102</u>
Creditors: Amounts falling due after more than one year	18	<u>(807,848)</u>	<u>(2,320,268)</u>
Net assets		<u><u>8,543,105</u></u>	<u><u>7,750,834</u></u>
Capital and reserves			
Called up share capital	22	50,000	50,000
Profit and loss account		<u>8,493,105</u>	<u>7,700,834</u>
Shareholders' funds		<u><u>8,543,105</u></u>	<u><u>7,750,834</u></u>

The company made a profit after tax for the financial year of £892,271 (2021 - profit of £1,181,656).

Approved and authorised by the Board on 28-12-22 and signed on its behalf by:


 Mr R J Wilson
 Director

Company Registration Number: 02846221

Penton Securities Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		1,224,234	1,181,656
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	149,290	138,952
Changes in fair value of investment property	13	(297,194)	40,000
Finance costs	10	56,687	35,127
Income tax expense	11	323,706	314,374
		<u>1,456,723</u>	<u>1,710,109</u>
Working capital adjustments			
(Increase)/decrease in stocks	15	(599,121)	1,772,814
Increase in trade debtors	16	(329,196)	(1,354,939)
Decrease in trade creditors	18	<u>(461,227)</u>	<u>(376,769)</u>
Cash generated from operations		67,179	1,751,215
Income taxes paid	11	<u>(325,653)</u>	<u>(266,000)</u>
Net cash flow from operating activities		<u>(258,474)</u>	<u>1,485,215</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(105,125)	(1,165,401)
Proceeds from sale of tangible assets		<u>9,435</u>	<u>-</u>
Net cash flows from investing activities		<u>(95,690)</u>	<u>(1,165,401)</u>
Cash flows from financing activities			
Interest paid	10	(56,687)	(35,127)
Proceeds from bank borrowing draw downs		-	2,500,000
Repayment of bank borrowing		(165,614)	(1,426,368)
Repayment of other borrowing		-	(1,208,954)
Dividends paid		<u>(100,000)</u>	<u>(50,000)</u>
Net cash flows from financing activities		<u>(322,301)</u>	<u>(220,449)</u>
Net (decrease)/increase in cash and cash equivalents		(676,465)	99,365
Cash and cash equivalents at 1 April		<u>662,869</u>	<u>563,504</u>
Cash and cash equivalents at 31 March	17	<u><u>(13,596)</u></u>	<u><u>662,869</u></u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

1 General information

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

The address of its registered office is:

141 Somerford Road

Christchurch

Dorset

BH23 3PY

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Summary of exemptions

As a consolidated profit and loss account is published, no profit and loss account is presented for the Company, as permitted by section 408 of the Companies Act 2006. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

Statement of compliance

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

There are no material departures from FRS 102.

Basis of preparation

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

These financial statements are presented in Sterling, rounded to the nearest whole pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2022.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Business combinations are accounted for under the purchased method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

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

All inter-group transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full on consolidation.

Judgements

Estimates and judgements are continually made and evaluated. Judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are management's best knowledge of the amount, events or actions, actual amounts ultimately may differ from those estimates.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

- **Fixed asset valuation**

Fixed assets are measured at cost less accumulated depreciation. The latter is calculated by reference to the expected useful life of the fixed assets which are determined according to management estimates which are influenced by historical trends in asset disposal profit or losses and prevailing market and economic trends.

- **Investment property valuation**

The directors have considered the fair value of the investment property and believe the carrying value within the accounts reflects the value of the property to the business.

- **Stock valuation**

Stocks are valued at the lower cost and net realisable value. Net realisable value includes where necessary provisions for slow moving or obsolete stock or mark downs in value to reflect age and mileage of the car and current economic condition. Cost includes the purchase price and for vehicle stocks an allocation of staff costs based on work performed on the vehicle. Stock values are appraised regularly and provision is made for diminution in value where required.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, or receivable, net of discounts and excluding VAT and other sales tax or duty. Revenue relates to the sale of new and used motor vehicles, and vehicle parts and servicing.

The sale of new and used vehicles are recognised upon delivery to the customer. The associated manufacturer vehicle bonus and any other manufacturer income is recognised on an accruals basis and is included within cost of sales.

Parts revenue is recognised once the parts have been passed to the customer or successfully installed.

Servicing revenue is recognised on the completion of the agreed work.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Other grants

Grants are accounted under the accrual model as permitted by FRS 102. Capital grants received are amortised over the life of the assets purchased with the grant.

Grants are recognised in other operational income within profit or loss in the same period as the performance criteria being met.

Tax

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

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

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

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

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

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	15 - 20% straight line
Plant and machinery	20% or 25% straight line basis
Motor vehicles	25% straight line
Freehold buildings	2% straight line
Assets under construction	Not depreciated
Land	Not depreciated
Showroom improvements	20% straight line

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by the directors. A significant factor in the assessment of the valuation is a relevant commercial yield which is applied to the annual rental income. Changes in fair value are recognised in profit or loss.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Investments

Investments in subsidiaries are stated at historical cost less any impairment for permanent diminution in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. Trade debtors are usually received within normal credit terms and no interest is applied. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Motor vehicle stocks are stated at the lower of purchase price and net realisable value. A review of the fair values of stocks is conducted on a regular basis and values are adjusted where considered necessary.

Vehicle parts and other materials are recognised at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Provisions for obsolescence are made when required.

Under supply agreements with manufacturers, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the company, which in substance gives the company control over stock during the consignment period and liabilities in respect of holdings costs, the company recognises these stocks on the balance sheet together with the associated liability.

Where supply agreements do not transfer the risks and rewards of ownership to the company until such time as legal title actually passes at the end of the consignment period, these stock are not included on the balance sheet.

Stock is often purchased using vehicle stocking loans. Such loans are included within other creditors.

Creditors

Trade creditors 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 the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price. Generally trade creditors are paid within normal credit terms so do not incur interest.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Borrowings

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

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

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

Leases

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

Share capital

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

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

3 Revenue

The analysis of the group's Turnover for the year from continuing operations is as follows:

	2022 £	2021 £
New cars	5,884,916	6,023,929
Used cars	31,121,574	24,554,419
Servicing	1,565,841	1,576,221
Parts	1,856,913	1,618,714
	<u>40,429,244</u>	<u>33,773,283</u>

All revenue derives wholly from the United Kingdom.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

4 Other operating income

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

	2022 £	2021 £
Other grants	78,910	350,204
Rental income	157,800	-
	<u>236,710</u>	<u>350,204</u>

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2022 £	2021 £
Gain from sales of investment properties	<u>317,194</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	149,290	138,952
Impairment loss	<u>20,000</u>	<u>40,000</u>

7 Staff costs

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

	2022 £	2021 £
Wages and salaries	2,169,247	2,101,037
Social security costs	215,336	211,432
Pension costs, defined contribution scheme	120,432	165,457
Other employee expense	<u>16,348</u>	<u>16,241</u>
	<u>2,521,363</u>	<u>2,494,167</u>

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

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

	2022 No.	2021 No.
Administration and support	17	16
Sales, marketing and distribution	20	18
Other departments	41	43
	<u>78</u>	<u>77</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	50,918	49,638
Contributions paid to money purchase schemes	50,000	60,000
	<u>100,918</u>	<u>109,638</u>

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

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

9 Auditor's remuneration

	2022 £	2021 £
Audit of these financial statements	<u>15,000</u>	<u>13,000</u>

10 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and borrowings	<u>56,687</u>	<u>35,127</u>

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

11 Taxation

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

	2022 £	2021 £
Current taxation		
UK corporation tax	244,407	314,374
Deferred taxation		
<i>Arising from origination and reversal of timing differences</i>	79,299	-
Tax expense in the income statement	<u>323,706</u>	<u>314,374</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>1,547,940</u>	<u>1,496,030</u>
Corporation tax at standard rate	294,109	284,246
Effect of expense not deductible in determining taxable profit (tax loss)	6,416	1,484
Deferred tax expense relating to changes in tax rates or laws	19,032	-
Tax increase from effect of capital allowances and depreciation	<u>4,149</u>	<u>28,644</u>
Total tax charge	<u>323,706</u>	<u>314,374</u>

Deferred tax

Group

Deferred tax liabilities

	2022	Liability £
Revaluation of investment property		<u>79,299</u>
		<u>79,299</u>

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

12 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Properties under construction £	Other property, plant and equipment £	Total £
Cost or valuation						
At 1 April 2021	6,025,934	166,523	21,599	2,679,404	443,298	9,336,758
Additions	42,081	-	-	3,402	59,642	105,125
Disposals	-	(9,435)	-	-	-	(9,435)
Transfers	-	-	-	(2,682,806)	-	(2,682,806)
At 31 March 2022	<u>6,068,015</u>	<u>157,088</u>	<u>21,599</u>	<u>-</u>	<u>502,940</u>	<u>6,749,642</u>
Depreciation						
At 1 April 2021	557,992	114,415	21,599	-	443,298	1,137,304
Charge for the year	<u>99,812</u>	<u>23,841</u>	<u>-</u>	<u>-</u>	<u>25,637</u>	<u>149,290</u>
At 31 March 2022	<u>657,804</u>	<u>138,256</u>	<u>21,599</u>	<u>-</u>	<u>468,935</u>	<u>1,286,594</u>
Carrying amount						
At 31 March 2022	<u>5,410,211</u>	<u>18,832</u>	<u>-</u>	<u>-</u>	<u>34,005</u>	<u>5,463,048</u>
At 31 March 2021	<u>5,467,942</u>	<u>52,108</u>	<u>-</u>	<u>2,679,404</u>	<u>-</u>	<u>8,199,454</u>

Included within the net book value of land and buildings above is £5,410,211 (2021 - £5,467,942) in respect of freehold land and buildings.

Restriction on title and pledged as security

Freehold land and buildings with a carrying amount of £5,406,316 (2021 - £5,462,750) has been pledged as security for bank borrowings. The Company is not allowed to pledge these assets as security for other borrowings.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Company

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 April 2021	6,025,934	166,523	21,599	443,298	6,657,354
Additions	42,081	-	-	59,642	101,723
Disposals	-	(9,435)	-	-	(9,435)
At 31 March 2022	<u>6,068,015</u>	<u>157,088</u>	<u>21,599</u>	<u>502,940</u>	<u>6,749,642</u>
Depreciation					
At 1 April 2021	557,992	114,415	21,599	443,298	1,137,304
Charge for the year	<u>99,812</u>	<u>23,841</u>	<u>-</u>	<u>25,637</u>	<u>149,290</u>
At 31 March 2022	<u>657,804</u>	<u>138,256</u>	<u>21,599</u>	<u>468,935</u>	<u>1,286,594</u>
Carrying amount					
At 31 March 2022	<u>5,410,211</u>	<u>18,832</u>	<u>-</u>	<u>34,005</u>	<u>5,463,048</u>
At 31 March 2021	<u>5,467,942</u>	<u>52,108</u>	<u>-</u>	<u>-</u>	<u>5,520,050</u>

Included within the net book value of land and buildings above is £5,410,211 (2021 - £5,467,942) in respect of freehold land and buildings.

Restriction on title and pledged as security

Freehold land and buildings and fixtures and fittings with a carrying amount of £5,406,316 (2021 - £5,462,750) has been pledged as security for bank borrowings. The company is not allowed to pledge these assets as security for other borrowings.

All other assets have been pledged as security against trade creditors and vehicle stocking loans.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

13 Investment properties

Group

	2022 £
At 1 April	20,000
Transfers to and from Tangible assets	2,682,806
Fair value adjustments	<u>297,194</u>
At 31 March	<u>3,000,000</u>
There has been no valuation of investment property by an independent valuer.	

The directors have revalued the investment property applying a relevant commercial rental yield to the rental income received in the year.

Company

	2022 £
At 1 April	20,000
Fair value adjustments	<u>(20,000)</u>
At 31 March	<u>-</u>
There has been no valuation of investment property by an independent valuer.	

14 Investments

Company

	2022 £	2021 £
Investments in subsidiaries	<u>2</u>	<u>2</u>

Subsidiaries

Cost or valuation

At 1 April 2021	<u>2</u>
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Carrying amount

At 31 March 2022	<u>2</u>
At 31 March 2021	<u>2</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Penton Poole 2013 Limited	141 Somerford Road, Christchurch, BH23 3PY England and Wales	Ordinary	100%	100%

Subsidiary undertakings

Penton Poole 2013 Limited

The principal activity of Penton Poole 2013 Limited is that of property development, construction and rental.

15 Stocks

	2022 £	Group 2021 £	2022 £	Company 2021 £
Car stocks	9,521,956	6,256,146	9,521,956	6,256,146
Raw materials	74,136	-	74,136	-
Consignment stock	87,551	2,828,376	87,551	2,828,376
	<u>9,683,643</u>	<u>9,084,522</u>	<u>9,683,643</u>	<u>9,084,522</u>

Company and Group

The carrying amount of stocks pledged as security for liabilities amounted to £9,521,956 (2021 - £6,256,146).

16 Debtors

	2022 £	Group 2021 £	2022 £	Company 2021 £
Current				
Trade debtors	701,005	842,252	701,005	842,252
Other debtors	2,798,267	2,293,558	3,981,790	4,973,679
Prepayments	70,925	105,191	70,925	105,191
	<u>3,570,197</u>	<u>3,241,001</u>	<u>4,753,720</u>	<u>5,921,122</u>

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

17 Cash and cash equivalents

	2022 £	Group 2021 £	2022 £	Company 2021 £
Cash on hand	1,468	519	1,466	517
Cash at bank	106,447	662,350	9,806	661,633
	107,915	662,869	11,272	662,150
Bank overdrafts	(121,511)	-	(121,511)	-
Cash and cash equivalents in statement of cash flows	(13,596)	662,869	(110,239)	662,150

18 Creditors

	Note	2022 £	Group 2021 £	2022 £	Company 2021 £
Due within one year					
Loans and borrowings	19	2,783,406	753,431	2,697,478	753,431
Trade creditors		5,981,042	5,894,607	5,981,042	5,894,607
Corporation tax		227,163	308,409	203,944	308,409
Social security and other taxes		76,230	287,528	58,185	287,528
Outstanding defined contribution pension costs		19,779	11,010	19,779	11,010
Consignment stock creditor		792,596	2,828,376	792,596	2,828,376
Other creditors		169,317	151,305	169,317	151,305
Accruals and deferred income		638,391	902,078	638,391	902,078
		<u>10,687,924</u>	<u>11,136,744</u>	<u>10,560,732</u>	<u>11,136,744</u>
Due after one year					
Loans and borrowings	19	<u>2,182,512</u>	<u>2,320,268</u>	<u>807,848</u>	<u>2,320,268</u>

Trade creditors include vehicle creditors which are secured by a floating charge over all assets of the company.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

19 Loans and borrowings

	2022 £	Group 2021 £	2022 £	Company 2021 £
Non-current loans and borrowings				
Bank borrowings	<u>2,182,512</u>	<u>2,320,268</u>	<u>807,848</u>	<u>2,320,268</u>
Current loans and borrowings				
Bank borrowings	151,874	179,732	65,946	179,732
Bank overdrafts	121,511	-	121,511	-
Vehicle stocking loans	<u>2,510,021</u>	<u>573,699</u>	<u>2,510,021</u>	<u>573,699</u>
	<u>2,783,406</u>	<u>753,431</u>	<u>2,697,478</u>	<u>753,431</u>

Company and Group

Included in the loans and borrowings are the following amounts due after more than five years:

	2022 £	2021 £
After more than five years by instalments	<u>-</u>	<u>1,601,340</u>

Interest and security

Bank borrowings are secured by a legal charge over the Company's freehold land and buildings. These borrowings carry an interest charge of 2.05% above base rate.

Vehicle stocking loans are secured by a floating charge over all assets of the company. These loans carry an interest charge of 3.75% or 4.06%.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

20 Obligations under leases and hire purchase contracts

Group

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	162,008	-
Later than one year and not later than five years	648,032	-
Later than five years	673,028	-
	<u>1,483,068</u>	<u>-</u>

Total contingent rents recognised as income in the period are £157,800 (2021 - £4,583).

Company

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	22,000	22,000
Later than one year and not later than five years	-	22,000
	<u>22,000</u>	<u>44,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £22,000 (2021 - £22,000).

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £120,432 (2021 - £165,457).

Contributions totalling £19,779 (2021 - £11,010) were payable to the scheme at the end of the year and are included in creditors.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

22 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary of £1 each	50,000	50,000	50,000	50,000

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The Company has one class of ordinary shares which carry no right to fixed income, but which carry full voting rights.

23 Contingent liabilities

Company

A cross-guarantee given by Penton Securities Limited and Penton Poole 2013 Limited is held by the bank to guarantee the bank loans held in these companies. The exposure to Penton Securities Limited for the loan balances in Penton Poole 2013 Limited is £1,460,592 (2021 - £nil).

24 Net debt

	At 1 April 2021	Cash flow	Other non cash changes	At 31 March 2022
	£	£	£	£
Cash at bank and on hand	662,869	(676,465)	-	(13,596)
Cash and cash equivalents	662,869	(676,465)	-	(13,596)
Debt due within one year	(753,431)	(2,029,975)	-	(2,783,406)
Debt due after one year	(2,320,268)	137,756	-	(2,182,512)
	(3,073,699)	(1,892,219)		(4,965,918)
Net debt	(2,410,830)	(2,568,684)	-	(4,979,514)

25 Ultimate controlling party

The ultimate controlling party is Mr R Wilson by virtue of his 99.998% ownership of the issued share capital.

Penton Securities Limited

Notes to the Financial Statements

Year Ended 31 March 2022

26 Related party transactions

The directors are deemed as key management and their remuneration is summarised in note 8.

Dividends paid to directors

	2022 £	2021 £
Dividends paid	<u>100,000</u>	<u>50,000</u>

Summary of transactions with other related parties

Entities under common control

During the year there were sales of £11,081,793 (2021 - £7,831,609) and purchases of £2,053,304 (2021 - £1,338,984) with entities under common control. At the balance sheet date the amount owed from entities under common control was £2,622,669 (2021 - £2,293,558) which is included in other debtors. At the balance sheet date the amount owed to entities under common control was £117,942 (2021 - £117,942) which is included in other creditors. These loans are interest free and repayable on demand.

Rent of £22,000 (2021 - £22,000) was paid to a company under common control.