

LIND AG LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



LIND AG LIMITED

COMPANY INFORMATION

Directors	G M Dacre (resigned 3 April 2018) R B Dacre D A Stuart J M Dacre (appointed 3 April 2018, resigned 4 April 2019)
Company secretary	R B Dacre
Registered number	02727708
Registered office	Brook Farm Five Oak Green Road Tonbridge Kent TN11 0QN
Independent auditors	Larking Gowen LLP Chartered Accountants & Statutory Auditors 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL
Bankers	Bank of Scotland 3 Queen Street Norwich Norfolk NR2 4SG

LIND AG LIMITED

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LIND AG LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their strategic report for the year ended 31 December 2018.

Business review

The business retails Porsche new and used cars, parts and related services from it's dealership in Tonbridge, Kent.

Lind AG Limited reported lower net profit before tax. Our strong forward orders indicate the reason for the drop in profit was not demand but supply. A reduction in supply was the result of Porsche AG adjusting its processes to enable compliance with Worldwide Harmonised Light Vehicle Testing Program (WLTP). 2018 New registrations for Porsche GB were 11% lower than 2017. Full supply is expected to be in place by the end of Q4 2019.

Encouraging also is Porsche Centre Tonbridge achieved record overall sales and Parts direct profit. Also achieved were continued top 5 finishes re Customer Satisfaction. Particularly impressive as the building has commenced to expand our Tonbridge site from c15,000m2 to c38,000m2.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Principal risks and uncertainties

Competitive risks:

Whilst there remains an appetite for premium automotive offerings, pressure on margins reflect a highly competitive car and motorcycle market. Business uncertainty has fuelled a general tightening on credit available and overall levels of disposable income. Technology including Online Shopping and Comparative Search engines also intensify competition. The company aims to minimise this risk by ensuring it offers competitively priced products and delivering high levels of customer satisfaction.

Supplier risks:

The company operates a vehicle manufacturer franchise; the loss of which would have a significant impact on the business. The strategy is to maintain close links with the company's brand partner and continue to perform at the highest levels to mitigate these risks.

The health of our suppliers and their responses are important to Lind. Risks include the disjointed processes, loss of key relationships and intellectual capital. The timing of new product launches and availability of new vehicles from the manufacturer does impact sales and margins. A good example is a significant reduction in new Porsche's available to sell in 2018 as the Porsche AG made necessary adjustments to meet new emission testing rules.

General economy and political risk:

The company is not immune to the general economic conditions. The possibility of Brexit, inflation, growing unemployment, interest rate and exchange rate fluctuations could have a negative impact on the business.

Regulatory compliance risk:

The company is subject to regulatory compliance risk by failing to comply with laws, regulations or codes as set by the Health and Safety Executive, Financial Conduct Authority and local authorities. Non-compliance can lead to fines, public reprimand and suspension from selling general insurance products. GDPR and the safeguarding of information

Management risk:

The company is dependent on members of its senior management team and the loss of such individuals could have an adverse affect on the business. Further, failure to attract, develop and retain staff of sufficient calibre could also affect the ability of the business to grow.

Information risk:

The company is dependent on the continuous operation of its information technology and computer systems which are vulnerable to damage, failure and sabotage. Whilst insurance cover is in place, such a disaster could have a detrimental affect on the business.

Financial risk management objectives and policies:

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Trade debtors are closely monitored to keep the risk of bad debts to a minimum level. Levels of stock are also regularly scrutinised to reduce the risk of slow-moving stocks being held.

LIND AG LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Financial key performance indicators

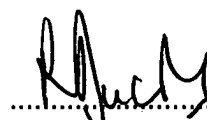
The company uses a range of performance measures to monitor business performance. The directors consider that, consistent with the size and non-complex nature of the business, the key performance indicators are those that communicate the financial performance of the business as a whole and are as follows:

	2018 £	2017 £
Turnover	43,759,677	44,091,422
Gross profit	5,217,076	5,475,727
Operating profit	1,131,405	1,268,695
Net assets	2,560,560	1,641,138
Stock holding period	39 days	42 days

Other key performance indicators

The company also reviews non-financial indicators, particularly those relating to customer satisfaction, manufacturer balanced scorecard performance and changes in employee numbers. Employee numbers have increased during the year to 51 (2017: 48).

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


.....
R B Dacre
Director

Date: 19 September 2019

LIND AG LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company continued to be that of operating a motor dealership.

Results and dividends

The profit for the year, after taxation, amounted to £919,422 (2017 - £971,028).

The directors have not recommended the payment of a dividend (2017 - £600,000).

Directors

The directors who served during the year were:

G M Dacre (resigned 3 April 2018)

R B Dacre

D A Stuart

J M Dacre (appointed 3 April 2018, resigned 4 April 2019)

LIND AG LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditors

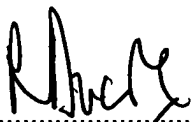
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

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

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



.....
R B Dacre
Director

Date: 19 September 2019

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIND AG LIMITED

Opinion

We have audited the financial statements of Lind AG Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

LIND AG LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIND AG LIMITED (CONTINUED)

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIND AG LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

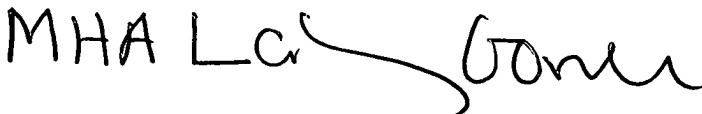
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.



Ian Fitch FCA (Senior Statutory Auditor)

for and on behalf of
Larking Gowen LLP

Chartered Accountants &
Statutory Auditors

1 Claydon Business Park
Great Blakenham
Ipswich
IP6 0NL

20 September 2019

LIND AG LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	43,759,677	44,091,422
Cost of sales		(38,542,601)	(38,615,695)
Gross profit		5,217,076	5,475,727
Administrative expenses		(4,085,671)	(4,207,032)
Operating profit	5	1,131,405	1,268,695
Interest receivable and similar income	8	1,144	2,247
Interest payable and expenses	9	(179,340)	(160,497)
Profit before tax		953,209	1,110,445
Tax on profit	10	(33,787)	(139,417)
Profit after tax		919,422	971,028
Retained earnings at the beginning of the year		1,641,038	1,270,010
		1,641,038	1,270,010
Profit for the year		919,422	971,028
Dividends declared and paid		-	(600,000)
Retained earnings at the end of the year		2,560,460	1,641,038

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

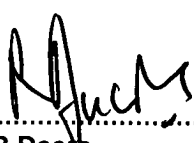
The notes on pages 11 to 27 form part of these financial statements.

LIND AG LIMITED
REGISTERED NUMBER: 02727708

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	1,434,828	285,020
		<u>1,434,828</u>	<u>285,020</u>
Current assets			
Stocks	13	4,511,511	5,081,349
Debtors: amounts falling due within one year	14	2,852,506	3,263,360
Cash at bank and in hand	15	1,629,116	234,745
		<u>8,993,133</u>	<u>8,579,454</u>
Creditors: amounts falling due within one year	16	(6,638,619)	(7,009,966)
Net current assets		<u>2,354,514</u>	<u>1,569,488</u>
Total assets less current liabilities		<u>3,789,342</u>	<u>1,854,508</u>
Creditors: amounts falling due after more than one year		(1,200,649)	-
Provisions for liabilities			
Deferred tax	19	(28,133)	(4,870)
Other provisions	20	-	(208,500)
		<u>(28,133)</u>	<u>(213,370)</u>
Net assets		<u><u>2,560,560</u></u>	<u><u>1,641,138</u></u>
Capital and reserves			
Called up share capital	21	100	100
Profit and loss account	22	2,560,460	1,641,038
		<u><u>2,560,560</u></u>	<u><u>1,641,138</u></u>

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



R B Dacre
 Director

Date: 19 September 2019

The notes on pages 11 to 27 form part of these financial statements.

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Lind AG Limited is a private company limited by shares and incorporated in England and Wales, registration number 02727708. The registered office and principal place of business is Brook Farm, Five Oak Green Road, Tonbridge, Kent, TN11 0QN.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements are presented in Sterling which is the functional currency of the Company and rounded to the nearest £.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Lind Group Holding Company Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Cardiff, CF14 3UZ.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Vehicle sales

Vehicle sales are recognised at the point at which the vehicle is transferred to the buyer.

Services

Service sales are recognised over the period which the service is carried out.

Parts sales

Parts sales are recognised at the point which the parts are either delivered or collected.

Manufacturer bonuses

Manufacturer bonuses and related income are recognised in the period to which they relate providing they can be estimated with reasonable certainty.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- over the period of the lease
Plant and machinery	- 5-10 years
Motor vehicles	- 3-5 years
Fixtures and fittings	- 3-5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Under supply agreements with Porsche, the Company has access to 'consignment stock', Where the nature of these supply agreements transfer the risks and rewards of ownership to the company, which in substance gives the Company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the statement of financial position together with the equivalent liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.16 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgements in applying accounting policies 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. The estimates and associated assumptions are based on historical experience and other factors which 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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

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

Stock, against which an estimated provision has been made. For vehicle stock, provisions have been made for specific vehicles in line with available published industry data and taking into account further anticipated costs to sell. Parts have been provided for at different rates determined by the age of the parts in stock.

Tangible fixed assets, against which depreciation has been charged in line with the accounting policy.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Other operating lease rentals	311,350	293,850

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	9,500

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,519,017	1,398,878
Social security costs	202,588	188,170
Cost of defined contribution scheme	47,629	39,174
	<u>1,769,234</u>	<u>1,626,222</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Mechanical	10	9
Sales and distribution	9	9
Administration	29	27
Directors	3	3
	<u>51</u>	<u>48</u>

During the year, no director received any emoluments (2017 - £Nil) from this company.

8. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>1,144</u>	<u>2,247</u>

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	229	-
Other loan interest payable	179,111	160,497
	<u>179,340</u>	<u>160,497</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	-	132,938
Adjustments in respect of previous periods	10,524	3,218
	<u>10,524</u>	<u>136,156</u>
Total current tax	<u>10,524</u>	<u>136,156</u>
Deferred tax		
Origination and reversal of timing differences	23,263	3,261
Total deferred tax	<u>23,263</u>	<u>3,261</u>
Taxation on profit on ordinary activities	<u>33,787</u>	<u>139,417</u>

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>953,209</u>	<u>1,110,445</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	154,795	213,761
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	751	-
Capital allowances for year in excess of depreciation	1,826	1,059
Utilisation of tax losses	(131,371)	-
Adjustments to tax charge in respect of prior periods	10,524	3,218
Group relief	-	(78,294)
Change in rates	(2,738)	(327)
Total tax charge for the year	<u>33,787</u>	<u>139,417</u>

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax from 20% to 17% by 1 April 2020 was included in the Finance Act 2016 and has since become substantively enacted. Deferred tax has been provided for at 17% in these financial statements.

11. Dividends

	2018 £	2017 £
Dividends	<u>-</u>	<u>600,000</u>

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Motor vehicles £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 January 2018	80,841	825,469	145,958	-	1,052,268
Additions	15,783	39,060	139,064	1,045,364	1,239,271
Disposals	-	(8,521)	(11,137)	-	(19,658)
At 31 December 2018	96,624	856,008	273,885	1,045,364	2,271,881
Depreciation					
At 1 January 2018	6,330	732,385	28,533	-	767,248
Charge for the year on owned assets	9,608	49,846	20,869	-	80,323
Disposals	-	-	(10,518)	-	(10,518)
At 31 December 2018	15,938	782,231	38,884	-	837,053
Net book value					
At 31 December 2018	80,686	73,777	235,001	1,045,364	1,434,828
At 31 December 2017	74,511	93,084	117,425	-	285,020

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Stocks

	2018 £	2017 £
New vehicles	2,750,021	2,872,509
Used vehicles	1,589,674	1,985,225
Parts and other stocks	171,816	223,615
	<u>4,511,511</u>	<u>5,081,349</u>

Stock recognised in cost of sales during the year as an expense was £37,154,503 (2017 - £38,615,695) .

An impairment loss of £Nil (2017 - £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Included within the total stock figure is consignment stock of £1,626,385 (2017 - £1,376,985), demonstrator vehicles amounting to £1,387,353 (2017 - £1,716,452) and used vehicles amounting to £1,500,393 (2017 - £1,806,954) which are secured against the relevant vehicle creditors.

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Debtors

	2018 £	2017 £
Trade debtors	200,236	800,306
Amounts owed by group undertakings	1,835,000	1,835,000
Other debtors	491,779	130,622
Prepayments and accrued income	325,491	497,432
	<u>2,852,506</u>	<u>3,263,360</u>

An impairment recovery of £1,221 (2017 - loss of £1,040) was recognised against trade debtors.

15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>1,629,116</u>	<u>234,745</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	109,150	-
Payments received on account	642,505	779,972
Trade creditors	5,396,937	5,428,236
Amounts owed to group undertakings	71,323	71,651
Corporation tax	-	28,509
Other taxation and social security	159,512	181,340
Other creditors	1,066	243,136
Accruals and deferred income	258,126	277,122
	<u>6,638,619</u>	<u>7,009,966</u>

Included within trade creditors is the consignment stock creditor of £1,626,385 (2017 - £1,376,985), a demonstrator vehicle funding creditor of £1,387,353 (2017 - £1,716,452) and a used vehicle funding creditor of £1,500,393 (2017 - £1,806,954) which are all secured against the relevant vehicle stocks to which they relate in Note 13.

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	2018 £	2017 £
Bank loans	1,200,649	-
	<u>1,200,649</u>	<u>-</u>

The bank loan is secured by a general fixed and floating charge over the assets of the company, and a guarantee from its parent company, Lind Group Holding Company Limited.

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

18. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	109,150	-
	<u>109,150</u>	<u>-</u>
Amounts falling due 1-2 years		
Bank loans	109,150	-
	<u>109,150</u>	<u>-</u>
Amounts falling due 2-5 years		
Bank loans	327,450	-
	<u>327,450</u>	<u>-</u>
Amounts falling due after more than 5 years		
Bank loans	764,049	-
	<u>764,049</u>	<u>-</u>
	<u>1,309,799</u>	<u>-</u>

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Deferred taxation

	2018 £	2017 £
At beginning of year	(4,870)	(1,609)
Charged to profit or loss	(23,263)	(3,261)
At end of year	(28,133)	(4,870)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Difference between capital allowances and depreciation	(28,133)	(4,870)
	(28,133)	(4,870)

20. Provisions

	Dilapidation provision £
At 1 January 2018	208,500
Utilised in year	(208,500)
At 31 December 2018	-

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

22. Reserves

Profit and loss account

The profit and loss account includes all current and prior period profits and losses.

LIND AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

23. Pension commitments

The company contributes to a group personal pension plan for individuals. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the period was £47,629 (2017 - £39,174). At 31 December 2018, the company had outstanding contributions of £Nil (2017 - £Nil).

24. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	324,838	344,303
Later than 1 year and not later than 5 years	1,166,679	1,165,867
Later than 5 years	612,971	897,419
	<u>2,104,488</u>	<u>2,407,589</u>

25. Contingent liabilities

A cross guarantee exists between all group companies in relation to the group overdraft facility. The overdraft facility is set at £2,400,000 (2017 - £2,500,000). At the balance sheet date the potential liability under this guarantee for the company was £2,477,225 (2017 - £1,276,319).

LIND AG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

26. Related party transactions

During the year, the Company rented premises from a director under a formal lease agreement and paid rent totaling £285,593 (2017 - £282,850) was charged. Other costs relating to the lease of £Nil (2017 - £7,466) were also charged in the year.

The Company has taken advantage of the exemptions available under Financial Reporting Standards 102, whereby wholly owned subsidiary undertakings do not have to disclose transactions with other wholly owned members of that group.

During the year, the Company purchased from, or sold goods to, the following directors:

	2018 Sales £	2018 Purchases £	2017 Sales £	2017 Purchases £
G M Dacre	375,770	73,338	509,739	381,002
R B Dacre	233,350	168,815	215,196	162,609
J M Dacre	47,968	-	-	-
	<u>657,088</u>	<u>242,153</u>	<u>724,935</u>	<u>543,611</u>

27. Controlling party

The ultimate parent undertaking of the Company is Lind Group Holding Company Limited, a company registered in England and Wales. Lind Group Holding Company Limited prepares consolidated financial statements in which the results of Lind AG Limited are included. These consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

Lind Group Holding Company Limited is controlled by R B Dacre.