

# Our automotive sector expertise

Maintaining a close, supportive relationship that provides valuable input into your business

# Our automotive sector expertise

Despite ongoing concerns regarding the sustainability of traditional automotive retailing, performance in recent years has been strong and buoyed by a gradual recovery from the deepest recession in living memory. However, the events of the first half of 2020 are likely to accelerate the emerging trends of dealer rationalisation, automation and digitisation. The industry is more complex than is the norm for retail and, with traditionally narrow margins, there is a fine line between success and failure.

Now more than ever dealerships need advisers with a dedicated knowledge of the industry, who can rapidly understand the issues and provide constructive recommendations to make a real difference to profitability.

We believe our role as a key adviser to the sector is not just to help you with your day to day accounting and business issues, but help you anticipate and overcome the inevitable challenges that the sector will continue to face moving forwards.

## Benefit from our dedicated automotive team

Our automotive service offering is led by four partners who are totally dedicated to the sector and have considerable experience in the motor industry. We provide expert advice to dealers on business management from audit and taxation to mergers and acquisitions and operational issues such as CSI and enquiry management. By providing support to our wider national automotive team, we are able to offer a local responsive service combined with deep and wide ranging automotive skills and experience.

With a client base that ranges from the supply chain to large franchise dealership groups, our experience includes dealing with automotive clients from a local and regional perspective, to working with a significant number of the Motor Trader Top 200 franchised dealer groups in the UK.

Working in partnership, our aim is to maintain a close, supportive relationship that provides valuable input into your business.

'The UHY automotive team have an excellent understanding of the motor sector together with the challenges and issues which motor dealers face.'

Craig Glanville, Group financial director, Heston Garages Group



# Our bespoke dealer accounting and audit services

We advise on all aspects of running a business in the automotive sector and have helped many clients to make long term and positive changes in their businesses.

## ACCOUNTING AND AUDIT SERVICES

With an audit portfolio focused in the automotive sector, we ensure that we always have our finger on the pulse of the current market and the latest innovations and trends, enabling us to provide tangible value and advice over and above the normal audit process. We see our role as not just to help you with audit issues, but to provide valuable opinion and feedback to help formulate your longer term strategy. In addition, UHY's position as a larger (Top 15) firm together with our reputation in the sector will provide comfort to both you and your stakeholders (including banks and brands) that an effective audit has been carried out.

Our industry experience means we will give concrete advice on how others are dealing with the issues you are facing and can provide you with an analysis of where things are going well and not so well.

In addition to statutory audit compliance, our dealership accounting services include:

- Cashflow modelling and business planning
- FCA regulation support
- Forensic and fraud investigations
- Independent business reviews
- Insolvency and restructuring

## TAX SERVICES

With the automotive sector being a low-margin sector, where half a percentage point added to bottom line profitability can have a big impact, we will work with you to ensure the right strategies are put in place in order to minimise your tax burden.

Our experience includes working with dealer clients on mitigating exposure to risks from employment taxes, such as on company cars and company fuel, and negotiating with HMRC on a dealers' behalf to get potential liabilities reduced.

The bespoke tax services we offer to the automotive industry include:

- Capital allowance reviews
- Exit planning and shareholder reorganisations
- Group simplification and restructuring
- Remuneration planning and employee share schemes
- Tax health checks, commonly VAT and PAYE

## CORPORATE FINANCE SUPPORT

If your future plans include buying or selling a business, or raising equity or debt finance to facilitate growth, you will need specialist corporate finance support.

Our automotive team includes corporate finance specialists who have advised on over 100 transactions in the sector and who have considerable experience bringing parties together and helping facilitate deals. We will help you to maximise the value of your business by working closely with the manufacturer, as a key stakeholder, to select the right partner.

Our automotive corporate finance services include:

- Confidential targeting exercises
- Funding advice
- M&A and transaction support
- New market entry assignments
- Sponsored dealer programmes
- Strategic advice
- Valuations

'We moved our audit to UHY two years ago now, and have been very impressed with their approach. The audit team are effective, responsive and approachable – they definitely do a very thorough job. Where we have really benefitted however, is in the advice that Paul and David have provided in helping us to develop our thinking about maximising value in the longer term.'

Neil Barrett, Finance director, Arbury Motor Group

## STAKEHOLDERS SUPPORT TO OEM'S AND THEIR FUNDING PARTNERS

Using our combined operational and financial expertise, we are often engaged by OEM's and their funding partners to carry out bespoke investigative work centred around dealer financial health. These assignments vary in their breadth and scope depending on requirements and typically range from a simple one day review of a dealer's cash management processes through to the performance of a detailed independent business review across all departments of the business. Our dedication to the automotive retail field means wasted time and dealer frustration is avoided given the strength of our existing knowledge.

Services provided include:

- Cash management and working capital reviews
- Short and medium term cashflow forecasting
- Strategic options and business planning assistance
- Independent assessments of the business performance and prospects.

## OPERATIONAL SUPPORT TO DEALERS

We work in teams combining financial expertise and operational experience to genuinely make a difference. Our collective knowledge means we are able to rapidly understand the issues and provide constructive recommendations to assist you to review operational processes, including:

- Best practice and control reviews
- Customer service
- Enquiry management
- Sales performance and profitability
- 48 hour business healthchecks

Our experience also includes financial and operational consultancy projects across the UK and Europe on behalf of institutional and captive lenders and automotive Original Equipment Manufacturers (OEMs). Our experience means we are able to provide a full support package to ensure that the best solution is obtained for all stakeholders.

We are so confident that we can make a positive difference to your business that we will consider success based fee arrangements in relation to some of the operational support services that we provide.

'They helped in a number of key areas including valuing the business, assisting with discussions with the manufacturer, negotiating with potential purchasers and presenting the business for sale in the best possible light. They have achieved an excellent result for Perrys and really helped us maximise our sales price.'

Ken Savage, Chairman, Perrys

"I have worked with Paul for the last eleven years on numerous independent reviews of dealer groups in the UK and throughout Europe. Paul has a huge amount of sector experience which always proves invaluable. He quickly understands the situation from a commercial as well as financial standpoint. In all independent reviews, Paul has provided practical options and recommendations to stabilise and solve the critical issues. The support from Paul has enabled me and my company to re-think and also support our risk and network strategies. I look forward to continuing working with Paul on future independent reviews and expanding our European engagement with UHY."

Lee Cooper, Manager, Sales, Network and Financing, Mazda Motor Europe

# Corporate finance activity

We have a particularly strong track record of helping sellers to achieve their longer term objectives and of selecting the right partner to ensure the successful completion of a deal.

Recent highlights include:

'Paul Daly is one of the premier advisers from an accounting and financial standpoint in the UK Motor retail sector. He has deep knowledge of how things actually work combined with a level of detail and clarity that is second to none.'

Robert Forrester, CEO, Vertu Motor

## Vertu Motors

January 2020

Acquisition of four Sytner Group Volkswagen dealerships

Deal value: £8.8m

## Brayley Motor Group

August 2019

Acquisition of four Thames Honda dealerships

Deal value: Undisclosed

## Springfield Motor Group

May 2019

Sale of Springfield Motor Group to Sherwoods

Deal value: Undisclosed

## Chapelhouse Motor Group

April 2019

Acquisition of Bolton Car Company by Chapelhouse Motor Group

Deal value: Undisclosed

## Brayley Motor Group

November 2018

Sale of Brayley Motor Group to AW Rostamani

Deal value: Undisclosed

## Jennings Motor Group

September 2018

Sale of Jennings Motor Group to Lookers plc

Deal value: Undisclosed

## Pentagon Motor

August 2017

Sale of Pentagon Motor Holdings Limited to Imperial Holdings SA

Deal value: £28.1m

## Beadles Group

July 2017

Sale of Beadles Group Ltd to Group 1 Automotive

Deal value: Undisclosed

## Essex Auto Group

March 2017

Sale of Essex Auto Group to Super Group

Deal value: Undisclosed

## Drayton Group

August 2016

Disposal of Warwick Holdings t/a Drayton Group to Lookers plc

Deal value: £55.4m

## Spire Automotive

February 2016

Sale of Spire Automotive Ltd to Group 1 Automotive

Deal value: Undisclosed

## Perrys Motor Sales

February 2016

Sale of Perrys' Land Rover and Jaguar dealerships to the Rybrook Group

Deal value: Undisclosed

# A dedicated automotive team



**Paul Daly**  
Automotive partner

Paul is an experienced audit partner with a portfolio of clients focused around the automotive sector. In addition, he regularly leads other advisory work spanning transactions, due diligence and business restructuring.

Initially working within a 'Big Four' firm, Paul then moved into industry at a FTSE 100 group. This industry experience proved invaluable when he moved back into practice, working for a specialist automotive firm focusing on internal and external audit, control reviews, independent business reviews and transaction support including due diligence.

Paul has developed a unique skill set, assisting businesses with control and profitability issues as well as acquisition and disposal strategies. He has a 'hands on' approach and is regularly called upon by manufacturers and top 50 motor retail groups to personally carry out investigative work.

e: [p.daly@uhy-uk.com](mailto:p.daly@uhy-uk.com)

t: 07860 955 452



**David Kendrick**  
Automotive partner

David is Corporate Finance (CF) qualified, with over 16 years' experience working closely with key clients and contacts to understand their long term objectives and then assisting with action plans to achieve these. He has acted as a trusted advisor for numerous listed and privately owned businesses, working closely with them to maximise value on exit, as well as assisting acquisitive companies with their growth plans.

David has significant experience in the automotive sector and is known as one of the leading professional advisers in the marketplace. In recent times he has assisted with some high profile automotive transactions and is now head of our national automotive sector group.

e: [d.kendrick@uhy-uk.com](mailto:d.kendrick@uhy-uk.com)

t: 07860 955 451



**Lee Collins**  
Director of management consultancy

Lee specialises in the operational issues many businesses face and especially in helping to significantly improve sales, develop robust enquiry management processes and in creating a culture where outstanding customer service can flourish. He is also widely regarded as a strong and robust marketeer, having run his own marketing agency for over 14 years.

Lee has a rare skill set following a successful 25 year period in business which saw him successfully own and manage his own award-winning business before successfully exiting in May 2014, having sold his entire share capital of Hillendale Group to Vertu Motors PLC.

e: [l.collins@uhy-uk.com](mailto:l.collins@uhy-uk.com)

t: 0161 236 6936



**Clive Gawthorpe**  
Tax partner

Clive is the lead tax partner in our Manchester office. He has over 30 years' experience, and his main work is in tax planning which includes group re-organisations, share schemes, international tax work, film tax relief, Enterprise Investment Scheme, property tax planning and creating structures like Limited Partnerships.

e: [c.gawthorpe@uhy-uk.com](mailto:c.gawthorpe@uhy-uk.com)

t: 0161 236 6936

## The next step

For further information about the services we provide, please contact one of our experts on: **0161 236 6936**.

Our automotive specialists are supported by UHY's wider national automotive team. For further details please visit our website at:

[www.uhy-uk.com/automotive](http://www.uhy-uk.com/automotive).



UHY Hacker Young Associates is a UK company which is the organising body of the UHY Hacker Young Group, a group of independent UK accounting and consultancy firms. Any services described herein are provided by the member firms and not by UHY Hacker Young Associates Limited. Each of the member firms is a separate and independent firm, a list of which is available on our website. Neither UHY Hacker Young Associates Limited nor any of its member firms has any liability for services provided by other members.

UHY Hacker Young (the "Firm") is a member of Urbach Hacker Young International Limited, a UK company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.



This publication is intended for general guidance only. No responsibility is accepted for loss occasioned to any person acting or refraining from actions as a result of any material in this publication.

© UHY Hacker Young 2020