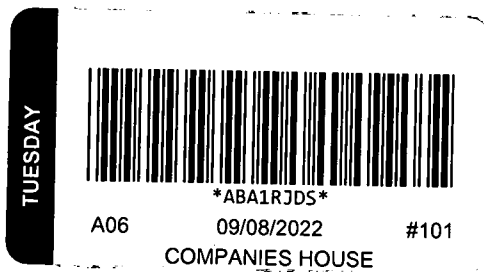


REGISTERED NUMBER: 00274565 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2021
for
Premier Motors (Solent) Limited



Contents of the Financial Statements
for the Year Ended 31 December 2021

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Premier Motors (Solent) Limited

Company Information
for the Year Ended 31 December 2021

DIRECTORS:

D J Rye
D R Passant
M A Pawson
K J Sayfritz

SECRETARY:

P Pepperrell

REGISTERED OFFICE:

Greenhous Village
Osbaston
Telford
Shropshire
TF6 6RA

BUSINESS ADDRESS:

2-3 Riverway
Newport
PO30 5UY

REGISTERED NUMBER:

00274565 (England and Wales)

AUDITORS:

Fiander Tovell Limited
Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

Premier Motors (Solent) Limited (Registered number: 00274565)

Strategic Report
for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

The company saw a increase in turnover from £10.03m in 2020 to £11.41m in 2021, which resulted in an increase in pre-tax profit from £20,501 to £265,603.

The Company measures its financial performance and position by reference to key performance indicators. Some of the key performance indicators used by the business are set out below:

	2021	2020
	£	£
Turnover	11,410,124	10,026,668
Gross profit	1,039,252	988,861
Profit before tax	265,603	20,501

Following on from a Covid hit in 2020 the industry was hoping for a strong bounce back to 2019 levels.

Unfortunately for car sales in particular this never materialised, due to difficulties in working practices continuing to be restricted by Covid, affecting production in many of the manufacturers plants, combined with a shortage of a number of product components, in particular semiconductors.

This resulted in national sales of 1.65 million and growth of only 1% for the year 2021 over that of 2020, still some 29% less than pre Covid levels.

What has been seen in 2021 is the first significant signs of a move towards battery powered vehicles with more being registered than in the previous five years combined. It is also telling that the second largest seller was the Tesla 3 model.

On a brighter note the van market was significantly stronger than in 2020, and was more like we expected up some 20%, taking us back to pre Covid levels with 355,000 sales nationally, with the increased demand being driven by the construction and home delivery industries.

Despite the continued difficulties I am pleased to report that we exceeded our expectations in both sales and profits showing a combined increase of 10% for our car and van sales over the same period.

This supported by improved margins and a strong Aftersales performance has resulted in a very satisfactory result for the company overall.

We foresee that product availability will continue to be a problem but believe we have plans in place which will keep us on track.

Strategic Report
for the Year Ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's business activities, financial condition and trading results could be affected by any or all of the following risks and uncertainties:

General business conditions and the economy

The Company's future profitability could be negatively impacted by a worsening of general economic conditions in the United Kingdom. The market for new and used vehicles could be adversely affected by the cost and availability of credit, inflation, unemployment levels, the level of and volatility in the stock market. Further action by the UK Government in relation to the taxation of motor vehicles could also impact the market for the sale of motor vehicles. A continuing short-term deterioration in economic conditions in the United Kingdom should not have a significant adverse impact in the after sales business, but a continued downturn over a period of years would result in weaker profits in this area.

Information systems

The Company is reliant upon a number of business systems which, if disrupted for any length of time due to damage or interruption from loss of power, failure of telecommunications, sabotage or vandalism could have an adverse effect on the efficient running of the business. The board has put in place a number of contingency plans to mitigate the impact of such system failures.

Manufacturers' financial condition

The Company depends on the vehicle manufacturers for a significant element of its turnover and profits. The failure of a manufacturer could result in significant losses especially in the case of insolvency of a manufacturer. Vehicle manufacturers use sales and warranty and other incentive programmes to develop new vehicle sales. A curtailment or reduction in these programmes would adversely affect the business. Further, the timing, frequency and success in the roll-out of new models can materially affect the Company's business.

Competition

The Company competes in the motor distribution market with other franchised vehicle dealerships, internet-based dealers, private buyers and sellers and vehicle manufacturers who have entered the retail market. In the after sales market the Company competes with similar franchised businesses, supply and fit chains and a large number of small independent garages and bodyshops. The Company mitigates these risks through the quality of its customer service and competitive pricing.

Franchise agreement

If a franchise agreement with a supplying manufacturer were lost this would have an adverse effect on revenue and profits for the Company as it would cease its entitlement to source new vehicle stock for sale and to undertake warranty repair work.

Dependence on key members of management and staff

The Company is reliant on key members of the management team and specialist trained personnel in a number of areas. The loss of a number of key staff would have a material adverse effect on the business. Furthermore, should the Company fail to recruit and retain key staff this would impact on the future financial condition of the Company.

Regulatory compliance

The Company is subject to regulatory compliance risk which could arise from a failure to comply with relevant law, regulation or codes of practice. Failure to comply would result in fines, cessation of some business activities or a public reprimand. The Company mitigates this risk through close monitoring of regulatory compliance.

ON BEHALF OF THE BOARD:



M A Pawson - Director

20 June 2022

Premier Motors (Solent) Limited (Registered number: 00274565)

Report of the Directors
for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activities of the Company include the sale and distribution of retail cars and vans as well as providing an aftersales service.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

FUTURE DEVELOPMENTS

2022 is proving to be another challenging year with the impact of Covid19 continuing to be felt throughout the business. However, we are optimistic that we are well placed to deal with this and other challenges that we may face in 2022. We are taking appropriate actions to mitigate the impact and will continue to take a dynamic approach to the situation to adapt quickly as required to ensure that our positive plan for the year remains on track.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

D J Rye
D R Passant
M A Pawson
K J Sayfritz

Other changes in directors holding office are as follows:

K P Finnon - resigned 10 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

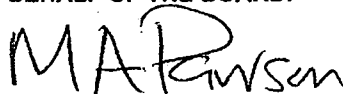
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Fiander Tovell LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



M A Pawson - Director

20 June 2022

Report of the Independent Auditors to the Members of
Premier Motors (Solent) Limited
for the Year Ended 31 December 2021

Opinion

We have audited the financial statements of Premier Motors (Solent) Limited (the 'company') for the year ended 31 December 2021 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Report of the Independent Auditors to the Members of
Premier Motors (Solent) Limited
for the Year Ended 31 December 2021

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

Report of the Independent Auditors to the Members of
Premier Motors (Solent) Limited
for the Year Ended 31 December 2021

Audit response to risks identified

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- tested a sample of BACS payments to identify payments being made to unexpected bank accounts.
- performed transactional testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

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

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

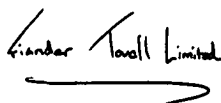
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance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

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

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

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.

Fiander Tovell Limited

Andy Jay ACA FCCA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell Limited
Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

20 June 2022

Statement of Comprehensive Income
for the Year Ended 31 December 2021

	Notes	2021 £	2020 £
TURNOVER	4	11,410,124	10,026,668
Cost of sales		<u>(10,370,872)</u>	<u>(9,037,807)</u>
GROSS PROFIT		1,039,252	988,861
Distribution costs		(145,915)	(185,328)
Administrative expenses		<u>(734,752)</u>	<u>(998,835)</u>
		<u>(880,667)</u>	<u>(1,184,163)</u>
		158,585	(195,302)
Other operating income		<u>111,664</u>	<u>230,893</u>
OPERATING PROFIT	6	270,249	35,591
Interest receivable and similar income		<u>1,889</u>	<u>4,783</u>
		272,138	40,374
Interest payable and similar expenses	7	<u>(6,535)</u>	<u>(19,873)</u>
PROFIT BEFORE TAXATION		265,603	20,501
Tax on profit	8	<u>(57,997)</u>	<u>(7,734)</u>
PROFIT FOR THE FINANCIAL YEAR		207,606	12,767
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>207,606</u></u>	<u><u>12,767</u></u>

Premier Motors (Solent) Limited (Registered number: 00274565)

Balance Sheet
31 December 2021

	Notes	2021	2020
		£	£
FIXED ASSETS			
Tangible assets	9	409,188	238,584
CURRENT ASSETS			
Stocks	10	3,022,430	3,305,965
Debtors	11	376,172	309,630
Cash at bank and in hand		<u>974</u>	<u>1,220,841</u>
		3,399,576	4,836,436
CREDITORS			
Amounts falling due within one year	12	<u>(2,494,086)</u>	<u>(3,980,630)</u>
NET CURRENT ASSETS		<u>905,490</u>	<u>855,806</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,314,678	1,094,390
CREDITORS			
Amounts falling due after more than one year	13	(771)	(2,030)
PROVISIONS FOR LIABILITIES	16	<u>(39,849)</u>	<u>(25,908)</u>
NET ASSETS		<u>1,274,058</u>	<u>1,066,452</u>
CAPITAL AND RESERVES			
Called up share capital	17	100,000	100,000
Capital redemption reserve	18	20,000	20,000
Retained earnings	18	<u>1,154,058</u>	<u>946,452</u>
SHAREHOLDERS' FUNDS		<u>1,274,058</u>	<u>1,066,452</u>

The financial statements were approved by the Board of Directors on 20 June 2022 and were signed on its behalf by:


D R Passant - Director


M A Pawson - Director

Premier Motors (Solent) Limited (Registered number: 00274565)

Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2020	100,000	933,685	20,000	1,053,685
Changes in equity				
Total comprehensive income	-	<u>12,767</u>	-	<u>12,767</u>
Balance at 31 December 2020	<u>100,000</u>	<u>946,452</u>	<u>20,000</u>	<u>1,066,452</u>
Changes in equity				
Total comprehensive income	-	<u>207,606</u>	-	<u>207,606</u>
Balance at 31 December 2021	<u>100,000</u>	<u>1,154,058</u>	<u>20,000</u>	<u>1,274,058</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2021

1. **STATUTORY INFORMATION**

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

The financial statements are prepared in sterling, which is the functional currency of the company.

Monetary amounts in these financial statements are rounded to the nearest £.

The principal activity and nature of operation is disclosed in the Directors' Report.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirement 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, 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, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Related party exemption

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

Turnover

Turnover is measured at invoice price, excluding value added taxes, and principally comprises external vehicle sales, parts, servicing and bodyshop sales. Vehicle and parts sales are recognised when substantially all risks and rewards have been transferred to the customer. This is generally at the time of delivery to the customer.

Service and bodyshop sales are recognised in line with the work performed. Revenue also comprises commissions receivable for arranging vehicle financing and related insurance products. Commissions and rental income are based on agreed rates and income is recognised on receipt.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 10%, 20% or 33% straight line
Plant and machinery	- 10% - 50% straight line
Computer equipment	- 25% - 50% straight line

The residual value of all assets, depreciation methods and useful economic lives, if significant, are reassessed annually.

Gains or losses on disposal of an item of tangible assets are determined by comparing proceeds from disposal with the carrying amount of the asset and are recognised net within distribution and administrative expenses within the profit and loss account.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account. Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to the grant and the grant will be received

Stocks

Motor vehicle inventories are stated at the lower of cost and net realisable value. Cost is net of incentives received from manufacturers in respect of target achievements. Realisable values are assessed using market research data which is based upon recent industry activity. Whilst the data is deemed representative of current values it is possible that ultimate sales values can vary from those applied. Parts inventories are based on cost and are written down to net realisable value by providing for obsolescence.

In order to satisfy demand for used cars, the company purchases new vehicles from motor manufacturers and rents these on short term agreements. These cars are generally sold within twelve months of purchase and are purchased with the intention of resale. As a result, these vehicles are included within stocks.

Consignment stock

Under certain dealer agreements with motor manufacturers the company is allocated "consignment stock". Where it is considered the risks and rewards of ownership have been transferred to the company during the consignment year and the company has in substance control over the stock, it is recognised in the balance sheet with an equivalent liability. Otherwise, until such time as legal title passes at the end of the consignment year, this stock is not included in the balance sheet and the commitment is disclosed in the notes to the financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

i) **Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) **Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Hire purchase and leasing commitments

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

The interest element of these obligations is charged to the Statement of Comprehensive Income over the relevant period. The capital element of future payments is treated as a liability.

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the full receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost, using the effective interest method.

At the end of each accounting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Financial assets are derecognised when a) the contractual rights to the cash flows from the asset expire or are settled, or b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

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

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Although the Company has been affected by Covid19 leading to a decrease in trading, measures have been taken to mitigate the impact of this, and consequently there is not considered to be a material uncertainty in respect of going concern. The directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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.

Stock Provisions

Stock is held at lower of cost and net realisable value. Stock is reviewed quarterly to evaluate the age and movement of those items and provision is made for over-age stock. The parts provision is based on the fact that with today's technology, there should be no need for excess stock holding. In addition with the availability of periodic stock returns, any items not moving and remaining in stock over six months are regarded as potentially redundant stock. The stock provision at the year end is £16,783 (2020: £11,552).

Debtor Provisions

Debtors are reviewed quarterly and a provision (net of VAT) is made where appropriate. This provision takes account of general trade debt over six months old and other trade debt over three months old. In addition an evaluation is made of manufacturer discount debt in the event of non payment or disputed amounts. The bad debt provision at the year end is £120 (2020: £2,498).

4. TURNOVER

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

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

	2021 £	2020 £
Sale of goods	9,021,498	8,391,511
Rendering of services	<u>2,388,626</u>	<u>1,635,157</u>
	<u>11,410,124</u>	<u>10,026,668</u>

5. EMPLOYEES AND DIRECTORS

	2021 £	2020 £
Wages and salaries	1,578,706	1,336,914
Social security costs	154,454	118,615
Other pension costs	<u>57,505</u>	<u>34,469</u>
	<u>1,790,665</u>	<u>1,489,998</u>

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

	2021	2020
Administration	15	15
After sales	22	18
Sales and retail	15	22
	<u>52</u>	<u>55</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

5. EMPLOYEES AND DIRECTORS - continued

	2021	2020
	£	£
Directors' remuneration	228,896	92,037
Directors' pension contributions to money purchase schemes	<u>17,333</u>	<u>16,703</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 : 1).

6. OPERATING PROFIT

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

	2021	2020
	£	£
Other operating leases	94,420	94,420
Depreciation - owned assets	86,772	47,607
Depreciation - leased assets	10,250	10,250
Profit on disposal of fixed assets	(1,884)	(83)
Government grants	(106,129)	(227,047)
Auditors' remuneration	<u>11,485</u>	<u>9,888</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Other loan interest	<u>6,535</u>	<u>19,873</u>

8. TAXATION

Analysis of the tax charge

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	44,056	1,920
Deferred tax	<u>13,941</u>	<u>5,814</u>
Tax on profit	<u>57,997</u>	<u>7,734</u>

Reconciliation of total tax charge included in profit and loss

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

	2021	2020
	£	£
Profit before tax	<u>265,603</u>	<u>20,501</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	50,465	3,895
Effects of:		
Capital allowances in excess of depreciation	(2,032)	-
Depreciation in excess of capital allowances		2,110
Adjustments to tax charge in respect of previous periods		(571)
Tax rate difference on Deferred tax	<u>9,564</u>	<u>2,300</u>
Total tax charge	<u>57,997</u>	<u>7,734</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

8. TAXATION – continued

In the Finance Act 2021, the Government announced that the Corporation Tax rate will increase from 19% to 25% from 1 April 2023. The changes were substantively enacted at the balance sheet date and so the effects are included within these financial statements.

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 January 2021	251,416	481,066	76,808	809,290
Additions	168,228	93,001	6,397	267,626
Disposals	-	(5,320)	(6,000)	(11,320)
At 31 December 2021	<u>419,644</u>	<u>568,747</u>	<u>77,205</u>	<u>1,065,596</u>
DEPRECIATION				
At 1 January 2021	182,189	327,409	61,108	570,706
Charge for year	33,022	56,126	7,874	97,022
Eliminated on disposal	-	(5,320)	(6,000)	(11,320)
At 31 December 2021	<u>215,211</u>	<u>378,215</u>	<u>62,982</u>	<u>656,408</u>
NET BOOK VALUE				
At 31 December 2021	<u>204,433</u>	<u>190,532</u>	<u>14,223</u>	<u>409,188</u>
At 31 December 2020	<u>69,227</u>	<u>153,657</u>	<u>15,700</u>	<u>238,584</u>

The net carrying value of plant and machinery includes £41,441 in respect of assets held under finance leases or hire purchase contracts (2020 ; £51,691).

10. STOCKS

	2021 £	2020 £
New vehicle stocks	2,232,762	2,496,952
Used vehicle stocks	611,548	669,727
Parts and accessories	<u>178,120</u>	<u>139,286</u>
	<u>3,022,430</u>	<u>3,305,965</u>

A total vehicle stock value of £744,081 (2020 : £1,456,167) was held on consignment stock at the year end.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	262,559	161,605
Other debtors	24,149	49,390
Prepayments	<u>89,464</u>	<u>98,635</u>
	<u>376,172</u>	<u>309,630</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans and overdrafts (see note 14)	663,475	-
Other loans (see note 14)	20,709	963,406
Hire purchase contracts (see note 15)	31,895	20,543
Trade creditors	956,729	1,648,499
Amounts owed to group undertakings	-	1,129,494
Tax	44,056	1,951
Social security and other taxes	33,418	30,724
VAT	250,110	43,197
Other creditors	481,465	116,913
Wages and salaries	-	21,187
Pension fund loan	-	1,713
Accrued expenses	12,229	3,003
	<u>2,494,086</u>	<u>3,980,630</u>

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

	2021	2020
	£	£
Hire purchase contracts (see note 15)	<u>771</u>	<u>2,030</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	663,475	-
Other loans	<u>20,709</u>	<u>963,406</u>
	<u>684,184</u>	<u>963,406</u>

Loans are secured over the asset to which they relate.

15. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£	£
Net obligations repayable:		
Within one year	31,895	20,543
Between one and five years	<u>771</u>	<u>2,030</u>
	<u>32,666</u>	<u>22,573</u>

Hire purchase debts are secured over the fixed assets to which they relate.

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

	2021	2020
	£	£
Within one year	94,400	94,400
Between one and five years	377,600	94,400
More than five years	<u>94,400</u>	-
	<u>566,400</u>	<u>188,800</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

16. PROVISIONS FOR LIABILITIES

	2021 £	2020 £
Deferred tax	<u>39,849</u>	<u>25,908</u>
		Deferred tax £
Balance at 1 January 2021		25,908
Provided during year		<u>13,941</u>
Balance at 31 December 2021		<u>39,849</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2021 £	2020 £
Number:	Class:		<u>100,000</u>	<u>100,000</u>
100,000	Ordinary shares			

18. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2021	946,452	20,000	966,452
Profit for the year	<u>207,606</u>	-	<u>207,606</u>
At 31 December 2021	<u>1,154,058</u>	<u>20,000</u>	<u>1,174,058</u>

19. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Greenhous Limited and ultimate parent undertaking is Monkmoor Holdings Limited which is the smallest and largest to consolidate these financial statements. Copies of Monkmoor Holdings Limited consolidated financial statements can be obtained by writing to the Company Secretary at Greenhous Village, Osbaston, Telford, Shropshire, TF6 6RA.

D R Passant owns 100% of the issued share capital in Monkmoor Holdings Limited and is therefore considered to be the ultimate controlling party.

20. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Included in 'Other Loans' is a stocking loan operated by Barclays, secured over the assets to which they relate. This is a group facility and the company is able to add vehicles to the stock line.

The company is registered with HM Revenue and Customs as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by other members of that group in respect of unpaid VAT.