

Registered number: SC180995

**A1 AUTOMOTIVE LTD.
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

A1 AUTOMOTIVE LTD.

COMPANY INFORMATION

Directors

Mr R Moffat
Mr A R Moffat (resigned 11 November 2022)
Mr I M Carter (resigned 22 November 2022)
Mr A J Grayston (appointed 12 October 2022)

Company secretary

Mrs D Moffat

Registered number

SC180995

Registered office

4 Almondview
Almondview Office Park
Livingston
EH54 6SF

Independent auditors

EQ Accountants LLP - Statutory Auditor
Chartered Accountants
Pentland House
Saltire Centre
Glenrothes
Fife
KY6 2AH

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2022**

Introduction

The directors present their strategic report for the year ended 30 November 2022.

Business review

The Company's pre-tax loss for the year was £1,343,880, whilst the Company's balance sheet shows a net asset position of £961,083.

The results for the year reflect another challenging period for the Company. The COVID-19 pandemic has continued to impact the Company, with slow recovery in trading results. However, the directors remain optimistic that opportunities exist to increase trading back to pre-pandemic levels.

Since the year end the Company has looked to consolidate its financial position by further restructuring operations to control costs. Based upon these further cost control measures, cashflow projections provide the directors with confidence that the plans implemented will provide a sound foundation for financial stability and growth.

Principal risks and uncertainties

The Company uses various financial instruments in order to raise sufficient finance to support its operations. During the year these consisted of hire purchases, invoice discounting, bank loans and overdrafts, cash and various items including trade debtors and trade creditors that arise from its operations.

The existence of these financial instruments exposes the Company to a number of financial risks. The main risks are market risk, cash flow interest rate risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and these are summarised below. These policies have remained unchanged from previous years.

Market risk encompasses three components of currency, fair value interest rate and price. The Company conducts all transactions in sterling and therefore has no material exposure to currency risk. The Company's policy for managing fair value interest risk is considered along with those for managing cash flow interest rate risk and is set out below.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The interest rate on the Company's cash at bank, including overdraft and factoring facilities is determined by reference to base rate and therefore the interest rate risk is not considered to be material to those financial instruments' fair value.

The Company conducts almost all of its transactions on agreed credit terms to customers. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit reference. Credit limits are reviewed by directors on a regular basis in conjunction with debt ageing and collection history.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2022**

While the Company deals solely with UK based customers, the price of fuel which the Company purchases is dependent upon various factors that include the exchange rate to the US dollar. The risk is monitored and managed by the directors.

Price risk in financial instruments may exist where their value varies in accordance with currency, interest rate or other market movements. None of the Company's financial instruments are subject to any market movement affecting price risk. In summary therefore, exposure to price risk is not considered material.

The Company only trades within the UK so whilst there is continued uncertainty in general with regards to Brexit the directors do not believe it will have a major impact on trading. The directors are used to adapting the business to suit domestic demand, and do not rely on non-UK EU nationals therefore any change in labour supply from the EU will not impact the Company adversely.

The COVID-19 pandemic continued to have a significant impact on the Company, the industry, and on the wider economy as a whole, and the Company has utilised the available government support schemes where applicable. However the easing of government restrictions will ultimately provide the Company with more opportunities to increase its trading activities.

The Company has also faced challenges due to the continued global shortage of semiconductors, which have impacted the new car sales market, and resultant used car sales. The directors have factored in these uncertainties to their forecasts and continue to monitor and control all costs.

Environmental impact

The Company recognises the importance of its environmental responsibilities and has policies in place to manage its impact on the environment.

Key performance indicators

The directors believe that the following indicators represent the Company's performance during the period:

Turnover £9,670,007 (2021 - £9,382,325)

Operating loss £1,127,596 (2021 - £403,058)

Staffing

Details of the number and related costs of employees can be found in the notes to the financial statements. The Company places value on the involvement of its employees and keeps them informed of matters affecting them as employees. This is achieved through formal and informal meetings and staff bulletins.

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

.....
Mr A J Grayston
Director

Date: 10 August 2023

A1 AUTOMOTIVE LTD.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors present their report and the financial statements for the year ended 30 November 2022.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Principal activity

The principal activity of the Company is transportation, vehicle preparation and repair, storage and hire.

Results and dividends

The loss for the year, after taxation, amounted to £1,135,431 (2021 - loss £450,672).

Dividends totaling £36,630 (2021 - £73,000) were paid during the year.

Directors

The directors who served during the year were:

Mr R Moffat
Mr A R Moffat (resigned 11 November 2022)
Mr I M Carter (resigned 22 November 2022)
Mr A J Grayston (appointed 12 October 2022)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2022**

Future developments

Core operations are much less affected by the recent COVID-19 pandemic and since the balance sheet date there has been a noticeable improvement in haulage activities. The directors remain confident that by enhancing its cashflow position predominantly through refinancing, have provided a strong financial position for it to exploit future opportunities as the prospects for the industry improve.

Several new contracts have been picked up and driver recruitment has become significantly easier than the previous year.

Considerable cost cutting measures have been implemented along with the addition of new business opportunities and change of management all of which are jointly leading to a significant improvement in financial performance for the period since the last year end.

There has been a marked increase in demand as new car volumes are increasing due to production problems being solved, while at the same time there has been a reduction in capacity within the vehicle transport industry leading to a significant increase in prices going forward.

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, EQ Accountants LLP - Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 August 2023 and signed on its behalf.

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Mr A J Grayston
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A1 AUTOMOTIVE LTD.

Opinion

We have audited the financial statements of A1 Automotive Ltd. (the 'Company') for the year ended 30 November 2022, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows 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 30 November 2022 and of its loss 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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A1 AUTOMOTIVE LTD. (CONTINUED)

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A1 AUTOMOTIVE LTD. (CONTINUED)

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

Mark Gibson (Senior Statutory Auditor)
for and on behalf of
EQ Accountants LLP - Statutory Auditor
Chartered Accountants
Pentland House
Saltire Centre
Glenrothes
Fife
KY6 2AH
10 August 2023

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

		2022	2021
		£	£
Turnover	4	9,670,007	9,382,325
Cost of sales		(8,024,114)	(7,615,404)
Gross profit		1,645,893	1,766,921
Administrative expenses		(2,847,175)	(2,847,158)
Other operating income	5	73,686	677,179
Operating loss	6	(1,127,596)	(403,058)
Interest receivable and similar income	10	274	25
Interest payable and similar expenses	11	(216,558)	(144,511)
Loss before tax		(1,343,880)	(547,544)
Tax on loss	12	208,449	96,872
Loss after tax		(1,135,431)	(450,672)
Retained earnings at the beginning of the year		2,133,142	2,656,814
Loss for the year		(1,135,431)	(450,672)
Dividends declared and paid		(36,630)	(73,000)
Retained earnings at the end of the year		961,081	2,133,142

The notes on pages 12 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
 AS AT 30 NOVEMBER 2022

		2022 £	2021 £
Fixed assets			
Tangible assets	14	4,180,186	6,617,276
		<u>4,180,186</u>	<u>6,617,276</u>
Current assets			
Stocks	15	76,818	76,082
Debtors: amounts falling due within one year	16	1,842,572	1,581,762
Cash at bank and in hand	17	56,913	195,141
		<u>1,976,303</u>	<u>1,852,985</u>
Creditors: amounts falling due within one year	18	(2,693,715)	(3,729,594)
Net current liabilities		<u>(717,412)</u>	<u>(1,876,609)</u>
Total assets less current liabilities		<u>3,462,774</u>	<u>4,740,667</u>
Creditors: amounts falling due after more than one year	19	(2,372,655)	(2,270,038)
Provisions for liabilities			
Deferred tax	23	(129,036)	(337,485)
		<u>(129,036)</u>	<u>(337,485)</u>
Net assets		<u><u>961,083</u></u>	<u><u>2,133,144</u></u>
Capital and reserves			
Called up share capital	24	2	2
Profit and loss account	25	961,081	2,133,142
		<u><u>961,083</u></u>	<u><u>2,133,144</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 August 2023.

.....
 Mr A J Grayston
Director

The notes on pages 12 to 28 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(1,135,431)	(450,672)
Adjustments for:		
Depreciation of tangible assets	1,010,432	1,251,361
Loss on disposal of tangible assets	107,319	53,695
Government grants	-	(614,863)
Interest paid	216,558	144,511
Interest received	(274)	(25)
Taxation charge	(208,449)	(96,872)
(Increase) in stocks	(736)	(6,570)
(Increase)/decrease in debtors	(372,261)	266,880
Increase/(decrease) in creditors	322,667	(484,391)
Corporation tax received	187,451	-
Net cash generated from operating activities	127,276	63,054
Cash flows from investing activities		
Purchase of tangible fixed assets	(127,113)	(1,012,003)
Sale of tangible fixed assets	1,446,452	1,070,117
Government grants received	-	614,863
Interest received	274	25
HP interest paid	(142,056)	(95,909)
Net cash from investing activities	1,177,557	577,093

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2022

	2022	2021
	£	£
Cash flows from financing activities		
New secured loans	-	500,000
Repayment of loans	(1,381,967)	(127,288)
Other new loans	330,157	394,246
Repayment of other loans	(341,672)	(449,307)
Repayment of/new finance leases	194,771	(1,074,205)
Movements on invoice discounting	(332,218)	421,123
New loans from associates	275,000	-
Loans due to related parties	(76,000)	-
Dividends paid	(36,630)	(73,000)
Interest paid	(74,502)	(48,602)
	<u>(1,443,061)</u>	<u>(457,033)</u>
Net cash used in financing activities	(1,443,061)	(457,033)
Net (decrease)/increase in cash and cash equivalents	(138,228)	183,114
Cash and cash equivalents at beginning of year	195,141	12,027
	<u>56,913</u>	<u>195,141</u>
Cash and cash equivalents at the end of year	56,913	195,141
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	56,913	195,141
	<u>56,913</u>	<u>195,141</u>

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 NOVEMBER 2022

	At 1 December	Cash flows	New hire	At 30 November
	2021	£	purchase	2022
	£	£	£	£
Cash at bank and in hand	195,141	(138,228)	-	56,913
Debt due after 1 year	(924,398)	621,693	-	(302,705)
Debt due within 1 year	(1,745,416)	829,007	-	(916,409)
Hire purchase	(2,311,023)	2,555,229	(2,750,000)	(2,505,794)
	<u>(4,785,696)</u>	<u>3,867,701</u>	<u>(2,750,000)</u>	<u>(3,667,995)</u>

The notes on pages 12 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

1. General information

A1 Automotive Ltd is a private company, limited by shares, incorporated in Scotland with registration number SC180995. The registered office is 4 Almondview Office Park, Livingston, EH54 6SF.

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

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 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 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future notwithstanding the net current liability position of £717,412. In making this assessment, the directors have considered cash flow projections prepared which cover at least 12 months from the date of approval of these financial statements. The directors have also considered the continued support from the company's finance providers with key finance facilities also in place for at least 12 months from the date of approval of these financial statements.

The Company has improved its cashflow and financial position, in order to secure its current and long term future, using measures such as refinancing and restructuring the business to reduce costs. With a combination of these cash injections, cost savings, and the draw down and utilisation of available invoice discounting facilities, the company expects to maintain a positive bank balance for the foreseeable future.

The directors have also considered the impact of the Global COVID-19 pandemic which has continued to create uncertainty for global economies. The company has continued to trade through the associated disruption and, while impacted, has managed the risks from the pandemic by utilising the available government support schemes where appropriate. The directors are confident that they have managed any further short term operational or commercial challenges that have been presented by the pandemic.

Based on the above factors, the directors are satisfied that it remains appropriate for the company to prepare its financial statements on a going concern basis and that the company has adequate financial resources to meet its liabilities as they fell due for at least the next 12 months.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

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.

2.4 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

2. Accounting policies (continued)

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss 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.

2.9 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 profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 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 reporting 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.

2.11 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.

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.

Depreciation is provided on the following basis:

Freehold property	- Between 0% and 2% straight line (no depreciation on land)
Short-term leasehold property	- 10% straight line
Plant and machinery	- 15% straight line
Motor vehicles	- Between 12.5% and 20% straight line

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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.15 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.

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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 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 ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

2. Accounting policies (continued)

2.18 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.

3. Judgments 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 judgments, 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.

Depreciation of Fixed Assets

Determining a reasonable rate to depreciate tangible fixed assets requires an estimation of the useful life and terminal value of the assets. Calculations based on these estimations are then prepared and included in the accounts as appropriate. The depreciation rates applied by the Company are referred to in the firm's accounting policies (note 2.11) and the effect of depreciation on the value of fixed assets is included in note 14.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
Transport income	8,965,195	8,609,745
Car service income	704,812	772,580
	<u>9,670,007</u>	<u>9,382,325</u>

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

5. Other operating income

	2022	<i>2021</i>
	£	<i>£</i>
Rents receivable	62,133	<i>41,600</i>
Government grants receivable	-	<i>614,863</i>
Sundry income	11,553	<i>20,716</i>
	<u>73,686</u>	<i><u>677,179</u></i>

6. Operating loss

The operating loss is stated after charging:

	2022	<i>2021</i>
	£	<i>£</i>
Depreciation of owned fixed assets	249,597	<i>303,707</i>
Depreciation of tangible fixed assets held under finance leases	760,835	<i>947,654</i>
Loss on disposal of tangible fixed assets	107,319	<i>53,695</i>
Other operating lease rentals	<u>286,084</u>	<i><u>260,442</u></i>

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022	<i>2021</i>
	£	<i>£</i>
Audit fees payable	19,750	<i>19,750</i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	3,725,665	4,119,366
Social security costs	384,240	394,572
Cost of defined contribution scheme	77,177	106,190
	<u>4,187,082</u>	<u>4,620,128</u>

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

	2022	2021
	No.	No.
Management	3	3
Drivers	74	83
Office staff	12	18
Yard	6	7
Workshop	8	8
PDI	2	4
	<u>105</u>	<u>123</u>

9. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	88,844	104,402
Company contributions to defined contribution pension schemes	-	232
	<u>88,844</u>	<u>104,634</u>

During the year retirement benefits were accruing to nil director (2021 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

2022	2021
£	£

Bank interest receivable

274

25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

11. Interest payable and similar expenses

	2022	<i>2021</i>
	£	<i>£</i>
Bank interest payable	47,378	<i>31,101</i>
Finance leases and hire purchase contracts	142,056	<i>95,909</i>
Other interest payable	27,124	<i>17,501</i>
	<u>216,558</u>	<i><u>144,511</u></i>

12. Taxation

	2022	<i>2021</i>
	£	<i>£</i>
Corporation tax		
Adjustments in respect of previous periods	-	<i>(873)</i>
	<u>-</u>	<i><u>(873)</u></i>
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<i><u>(873)</u></i>
Deferred tax		
Origination and reversal of timing differences	(204,649)	<i>(95,999)</i>
Adjustments in respect of previous periods	(3,800)	<i>-</i>
	<u>(208,449)</u>	<i><u>(95,999)</u></i>
Total deferred tax	<u>(208,449)</u>	<i><u>(95,999)</u></i>
	<u>(208,449)</u>	<i><u>(96,872)</u></i>
Taxation on loss on ordinary activities	<u>(208,449)</u>	<i><u>(96,872)</u></i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(1,343,880)</u>	<u>(547,544)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(255,337)	(104,033)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,686	61
Capital allowances for year in excess of depreciation	14,336	(1,906)
Adjustments to tax charge in respect of prior periods	(3,800)	(873)
Other differences leading to an increase in taxation	20,540	9,879
Capital gains	10,126	-
Total tax charge for the year	<u><u>(208,449)</u></u>	<u><u>(96,872)</u></u>

Factors that may affect future tax charges

There is an increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) which was enacted on 11 March 2021. The 19% rate will continue to apply for companies with profits up to £50,000.

13. Dividends

	2022 £	2021 £
Final paid	<u><u>36,630</u></u>	<u><u>73,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022

14. Tangible fixed assets

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 December 2021	2,317,671	228,757	541,238	8,603,367	11,691,033
Additions	-	1,800	5,313	120,000	127,113
Disposals	(1,183,909)	-	-	(1,649,610)	(2,833,519)
Transfers between classes	(639,443)	639,443	-	-	-
At 30 November 2022	<u>494,319</u>	<u>870,000</u>	<u>546,551</u>	<u>7,073,757</u>	<u>8,984,627</u>
Depreciation					
At 1 December 2021	61,246	99,021	376,204	4,537,286	5,073,757
Charge for the year	9,888	85,356	59,899	855,289	1,010,432
Disposals	(3,304)	-	-	(1,276,444)	(1,279,748)
Transfers between classes	(14,476)	14,476	-	-	-
At 30 November 2022	<u>53,354</u>	<u>198,853</u>	<u>436,103</u>	<u>4,116,131</u>	<u>4,804,441</u>
Net book value					
At 30 November 2022	<u>440,965</u>	<u>671,147</u>	<u>110,448</u>	<u>2,957,626</u>	<u>4,180,186</u>
At 30 November 2021	<u>2,256,425</u>	<u>129,736</u>	<u>165,034</u>	<u>4,066,081</u>	<u>6,617,276</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Motor vehicles	<u>2,903,513</u>	<u>3,956,919</u>

15. Stocks

	2022 £	2021 £
Parts and consumables	<u>76,818</u>	<u>76,082</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

16. Debtors

	2022	2021
	£	£
Trade debtors	1,522,686	1,193,454
Other debtors	80,221	190,801
Prepayments and accrued income	239,665	197,507
	<u>1,842,572</u>	<u>1,581,762</u>

Factored debts included within trade debtors amounted to £1,429,862 (2021 - £1,123,218).

17. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	<u>56,913</u>	<u>195,141</u>

18. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank loans	115,562	875,836
Other loans	66,031	77,546
Trade creditors	623,223	311,798
Other taxation and social security	504,478	439,185
Obligations under finance lease and hire purchase contracts	435,844	965,383
Proceeds of factored debts	459,816	792,034
Other creditors	342,376	64,915
Accruals and deferred income	146,385	202,897
	<u>2,693,715</u>	<u>3,729,594</u>

Obligations under hire purchase contracts are secured over the related assets.

Included in creditors is an amount of £459,816 (2021 - £792,034) which is due to the invoice discounting agent. The Company has assigned the value of the trade debtors against the balance due to the invoice discounting agent.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

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

	2022	2021
	£	£
Bank loans	302,705	924,398
Net obligations under finance leases and hire purchase contracts	2,069,950	1,345,640
	<u>2,372,655</u>	<u>2,270,038</u>

Obligations under hire purchase contracts are secured over the related assets.

20. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year		
Bank loans	115,562	875,836
Other loans	66,031	77,546
Amounts falling due 1-2 years		
Bank loans	127,190	229,761
Amounts falling due 2-5 years		
Bank loans	175,515	691,965
Amounts falling due after more than 5 years		
Bank loans	-	2,672
	<u>484,298</u>	<u>1,877,780</u>

Bank borrowings are secured by a bond and floating charge over all assets of the Company.

The loans are secured with a standard security over the property acquired by the loan and a bond and floating charge over all the Company's assets.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022	2021
	£	£
Within one year	435,844	965,383
Between 1-5 years	2,069,950	1,345,640
	<u>2,505,794</u>	<u>2,311,023</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

22. Financial instruments

	2022	<i>2021</i>
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	56,913	<i>195,141</i>
Financial assets that are debt instruments measured at amortised cost	1,602,907	<i>1,196,804</i>
	<u>1,659,820</u>	<u><i>1,391,945</i></u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,868,157)</u>	<u><i>(2,452,237)</i></u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors and other debtors (excluding corporation tax repayable).

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors (excluding pension liabilities and directors' loan accounts) and loans.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

23. Deferred taxation

	2022 £
At beginning of year	(337,485)
Charged to profit or loss	208,449
At end of year	<u>(129,036)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(347,980)	(458,441)
Tax losses carried forward	218,535	120,633
Short term timing differences	409	323
	<u>(129,036)</u>	<u>(337,485)</u>

Short term timing differences are expected to be reversed during the next financial year. Accelerated capital allowances are expected to be reversed over the remaining useful life of the assets. Tax losses carried forward are expected to be reversed during the next accounting period with a taxable profit..

There is no expiry date on the timing differences.

24. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary A shares share of £1.00	1	1
1 (2021 - 1) Ordinary B shares share of £1.00	1	1
	<u>2</u>	<u>2</u>

All shares issued rank equally in terms of:

- a) one voting right for each share
- b) rights to participate in approved dividend distributions for that class of share
- c) rights to participate in any capital distribution on winding up

25. Reserves**Profit and loss account**

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £77,177 (2021 - £106,190). Contributions totalling £3,125 (2021 - £3,191) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 30 November 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	<i>2021</i>
	£	£
Not later than 1 year	658,247	<i>387,515</i>
Later than 1 year and not later than 5 years	1,586,292	<i>1,147,376</i>
Later than 5 years	227,500	<i>439,839</i>
	<u>2,472,039</u>	<u><i>1,974,730</i></u>

Lessor

The operating leases represent two sub-leases (2021 - one sub-lease) of land to third parties, The sub-lease rentals are fixed for 5-6 years. There are no options in place for either party to extend the lease terms.

At 30 November 2022 the Company had contracted with tenants for the following minimum lease payments:

	2022	<i>2021</i>
	£	£
Not later than 1 year	91,750	<i>17,000</i>
Later than 1 year and not later than 5 years	168,000	<i>-</i>
	<u>259,750</u>	<u><i>17,000</i></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

28. Related party transactions

During the year, the Company entered into the following transactions with entities over which it has control, joint control or significant influence:

	2022 £	2021 £
Sales to related parties	406,337	45,627
Purchases from related parties	43,777	762
Rent paid to related parties	207,321	168,500
Proceeds from disposal of fixed asset from related parties	1,279,807	110,000
Purchase of fixed assets from related party	120,000	-
Net trading balances due from/(to) related parties	(30,177)	1,747
Loans granted to related parties	76,000	-
Loans received from related parties	<u>275,000</u>	<u>-</u>

The remuneration of key management during the year was £88,764 (2021 - £144,450).

Included within other debtors is a loan balance in the amount of £76,000 (2021 - £nil) due from a related party.

Included within other creditors is a loan balance in the amount of £275,000 (2021 - £nil) due to a related party.

29. Controlling party

Up to 22 November 2022 the Company was under the control of Mr I M Carter and Mr R Moffat, both holding an equal share in the Company to that date. From 22 November 22 the company was under the control of Alto A1 Limited and Mr R Moffat, both holding an equal share in the Company from that date.

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