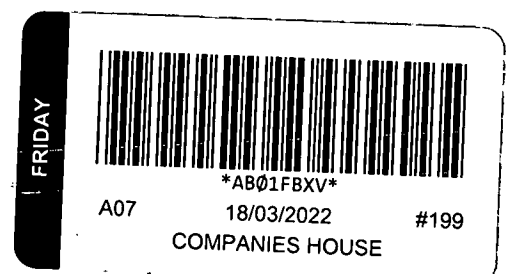


Registered number: 01522824

SHEPHALL WAY SERVICE STATION LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



SHEPHALL WAY SERVICE STATION LIMITED

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SHEPHALL WAY SERVICE STATION LIMITED

COMPANY INFORMATION

Director	J Taylor
Company secretary	D Royal
Registered number	01522824
Registered office	Shephall Way Service Station Shephall Way Stevenage Hertfordshire SG2 9RW
Independent auditors	MHA MacIntyre Hudson Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

SHEPHALL WAY SERVICE STATION LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his report and the financial statements for the year ended 31 December 2021.

Business review

This was our first full year trading as a Hyundai only business and I am pleased to report a strong year's performance with overall profit before tax at £379,617 (2020 - like for like performance £135,288). Both our sites were affected during this period by the COVID-19 restrictions however our Aftersales departments were this year able to continue trading through this.

In terms of performance split our Letchworth site which has only represented the Hyundai brand for 2 years both obviously heavily affected by the COVID 19 restriction produced a net profit before tax of £71,841 (2020 - £5,551).

The Richmond business which has just completed 4 years with the Hyundai brand saw a significant up turn in new car volume and profitability delivering a profit before tax of £307,776 (2020 - £129,737).

At the end of December, we also added the Suzuki Sales Brand to our Letchworth showroom, the Suzuki Brand was previously represented on this site before we acquired it in December 2019 and initially rebranded to Hyundai. The 2 brands are non-competing, and we believe this will further strengthen our sales and aftersales business over the next few years.

Director

The director who served during the year was:

J Taylor

Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

SHEPHALL WAY SERVICE STATION LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

We will continue to drive business improvements by focusing on our 4 Key Objectives:

Delivering exceptional staff satisfaction: We measure this through staff turn and staff surveys. Our staff turn in 2021 was 18.5% compared to 13.8% in 2020 this slipped slightly as staff started to move again following the end of furlough. Having not conducted staff surveys in 2020 due to the COVID-19 lockdowns we introduced a new electronic survey in 2021 the results of which have been shared with the team and whilst encouraging action plans developed to further improve. Our overall satisfaction rating was 4.17.

Increase loyalty and advocacy for customers through an exceptional customer experience: This is measured by Google Review scores and Hyundai Customer Index HCX. Our Google review scores are 4.6 stars at Richmond with 400 reviews and 4.8 stars with 93 reviews at Letchworth. HCX sales rankings based on 167 dealers are Richmond 36th, Letchworth 63rd. Service rankings based on 167 dealers are Richmond 91st, Letchworth 106th.

Support and Enhancing our Manufacture Partnership: Our measure for this is based on achieving manufacture targets, this has been difficult over the last year particularly at Letchworth, starting with a new franchise during a period of lockdown with no existing customers has resulted in the initial targets not being met. Richmond however did achieve its targets. The manufacturer relationship is considered to be strong and further growth with the brand is expected in the coming years.

Enhance group profitability for investment in our future: Our benchmark is a return on sales of 1.5%, last year saw a return of 1.82% (2020 - like for like 1.15%)

Post balance sheet events

The continuing effect of the COVID-19 pandemic has been disclosed in accounting policy 2.2.

The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the Group's operations, however we did as a business able to continue trading throughout the periods of lockdown in our Aftersales business and also managed to operate online sales with home delivery and click and collect during those periods which coupled with the Government Furlough scheme and closed business grants enabled the business to produce some exceptional performances.

The business had taken out a CIBIL loan for £150,000 however as trading continued to improve through the year this was repaid in full in September.

Whilst the widely publicised semiconductor chip shortage is affecting supply across of new vehicles across our brands margins remain strong and the forward order book is also strong with 109 new car orders already secured for Quarter 2 this year.

The director is confident that the Company is well positioned to maximise its performance within the market.

SHEPHALL WAY SERVICE STATION LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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.

Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 475A of the Companies Act 2006.

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



J Taylor
Director

Date:

10/03/2022.

SHEPHALL WAY SERVICE STATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHALL WAY SERVICE STATION LIMITED

Opinion

We have audited the financial statements of Shephall Way Service Station Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

SHEPHALL WAY SERVICE STATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHALL WAY SERVICE STATION LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The director is 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.

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has 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 Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's Report and from the requirement to prepare a Strategic Report.

SHEPHALL WAY SERVICE STATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHALL WAY SERVICE STATION LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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:

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journals entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

SHEPHALL WAY SERVICE STATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEPHALL WAY SERVICE STATION LIMITED (CONTINUED)

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.



Robert John Butler FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors

Moorgate House
201 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1LZ

Date:

16/3/2022

SHEPHALL WAY SERVICE STATION LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Continuing operations 2021 £	Discontin'd operations 2021 £	Total 2021 £	Continuing operations 2020 £	Discontin'd operations 2020 £	Total 2020 £
Turnover	20,525,686	-	20,525,686	11,757,905	6,958,024	18,715,929
Cost of sales	(19,838,392)	-	(19,838,392)	(11,380,112)	(6,682,288)	(18,062,400)
Gross profit	687,294	-	687,294	377,793	275,736	653,529
Administrative expenses	(1,101,956)	-	(1,101,956)	(1,106,776)	(348,932)	(1,455,708)
Other operating income	822,875	-	822,875	905,430	227,978	1,133,408
Operating profit	408,213	-	408,213	176,447	154,782	331,229
Interest payable and similar expenses	(28,596)	-	(28,596)	(41,159)	(21,467)	(62,626)
Profit before tax	379,617	-	379,617	135,288	133,315	268,603
Tax on profit	(73,822)	-	(73,822)	(26,093)	(24,216)	(50,309)
Profit after tax	305,795	-	305,795	109,195	109,099	218,294
Retained earnings at the beginning of the year			145,303			181,267
Profit for the year			305,795			218,294
Dividends declared and paid			(115,000)			(254,258)
Retained earnings at the end of the year			336,098			145,303

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

The notes on pages 12 to 24 form part of these financial statements.

SHEPHALL WAY SERVICE STATION LIMITED
REGISTERED NUMBER: 01522824

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	110,720	110,136
		<u>110,720</u>	<u>110,136</u>
Current assets			
Stocks	5	2,168,451	1,788,541
Debtors: amounts falling due within one year	6	347,635	241,938
Cash at bank and in hand	7	828,258	745,610
		<u>3,344,344</u>	<u>2,776,089</u>
Creditors: amounts falling due within one year	8	(3,038,910)	(2,510,849)
Net current assets		<u>305,434</u>	<u>265,240</u>
Total assets less current liabilities		<u>416,154</u>	<u>375,376</u>
Creditors: amounts falling due after more than one year	9	-	(143,750)
Provisions for liabilities			
Deferred tax	11	(7,065)	(13,332)
		<u>(7,065)</u>	<u>(13,332)</u>
Net assets		<u>409,089</u>	<u>218,294</u>
Capital and reserves			
Called up share capital		72,991	72,991
Profit and loss account		336,098	145,303
		<u>409,089</u>	<u>218,294</u>

SHEPHALL WAY SERVICE STATION LIMITED
REGISTERED NUMBER: 01522824

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



J Taylor
Director

Date: 10/03/2022

The notes on pages 12 to 24 form part of these financial statements.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Shephall Way Service Station Limited is a private company limited by shares, incorporated in England and Wales. The address of its registered office is Shephall Way Service Station, Shephall Way, Stevenage, Hertfordshire, SG2 9RW.

The company registration number is 01522824

The addresses of its principal places of business during the year are:

1 North Road, Richmond, London TW9 4HA.
Icknield Way, Letchworth Garden City, Hertfordshire, SG6 1EX.
Shephall Way Service Station, Shephall Way, Stevenage, Hertfordshire, SG2 9RW.

The Company's principal activity is the sale and repair of motor vehicles and ancillary services.

The financial statements are presented in Pound Sterling, which is also the functional currency of the Company, rounded to the nearest £1.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Director has considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the Company's operations, however by utilising the Government Furlough scheme and closed business grants along with some exceptional performances from the team we have further grown profitability during the period.

During the second half of 2021 as trading normalised the business repaid its CBIL loan in full. As we move in to 2022 whilst new car stock availability remains tight due to the continued semiconductor chip supply issues, we have a strong forward order bank and expect margins to remain strong.

Based on these assessments and having regard to the resources available to the entity, the Director has concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured 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 revenue is recognised:

Sale of goods

Revenue 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 revenue 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

Revenue 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 revenue 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.

Target related income and other manufacturer support

Vehicle registration bonuses that are specific to a vehicle are offset against the vehicle purchase price and recognised in cost of sales.

Target related bonuses and other similar incomes are recognised in other operating income as performance criteria have to be met in order for the bonus to be earned.

Other bonuses such as but not limited to marketing contributions and salary support are recognised in other operating income.

2.4 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.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Government grants

Grants relating to the Job Retention Scheme are accounted under the accruals model as permitted by FRS 102. The accrued element of grants is included in debtors as accrued income.

Grants relating to the Job Retention Scheme are recognised in the Statement of Income and Retained Earnings within other operating income in the same period as the related staff costs.

2.6 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.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.9 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 income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 Balance Sheet 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 balance sheet date.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 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:

Leasehold improvements	- Over the life of the lease or 3 to 5 years if shorter.
Plant and machinery	- Over the life of the lease or 3 to 5 years if shorter.
Fixtures and fittings	- Over the life of the lease or 3 to 5 years if shorter.

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.

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Amounts owed in respect of stock included in the Balance Sheet is disclosed within trade creditors.

Under supply agreements with manufacturers, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the Balance Sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the Balance Sheet. Both the terms under which stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

At each balance sheet 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.

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 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.

2.13 Cash and cash equivalents

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

2.14 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.

2.15 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 Balance Sheet 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 Balance Sheet.

2.16 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.

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.17 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. Employees

The average monthly number of employees, including directors, during the year was 26 (2020 - 36).

4. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2021	33,555	129,923	17,825	181,303
Additions	3,447	43,876	425	47,748
At 31 December 2021	37,002	173,799	18,250	229,051
Depreciation				
At 1 January 2021	6,292	60,659	4,216	71,167
Charge for the year on owned assets	7,277	35,127	4,760	47,164
At 31 December 2021	13,569	95,786	8,976	118,331
Net book value				
At 31 December 2021	23,433	78,013	9,274	110,720
At 31 December 2020	27,263	69,264	13,609	110,136

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Stocks

	2021 £	2020 £
Parts stock	58,347	45,739
Vehicle stock	2,110,104	1,742,802
	<u>2,168,451</u>	<u>1,788,541</u>

6. Debtors

	2021 £	2020 £
Trade debtors	199,321	113,643
Amounts owed by group undertakings	-	3,438
Other debtors	48,499	40,643
Prepayments and accrued income	99,815	84,214
	<u>347,635</u>	<u>241,938</u>

7. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>828,258</u>	<u>745,610</u>

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	-	6,250
Trade creditors	2,336,000	1,958,671
Amounts owed to group undertakings	59,396	16,212
Corporation tax	80,089	51,640
Other taxation and social security	46,071	174,821
Other creditors	155,257	114,004
Accruals and deferred income	362,097	189,251
	<u>3,038,910</u>	<u>2,510,849</u>

Included in trade creditors are amounts totalling £2,182,454 (2020 - £1,878,846) relating to vehicle stocking loans which are secured on the vehicles to which they relate.

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

	2021 £	2020 £
Bank loans	-	143,750
	<u>-</u>	<u>143,750</u>

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	-	6,250
Amounts falling due 1-2 years		
Bank loans	-	37,500
Amounts falling due 2-5 years		
Bank loans	-	106,250
	<hr/>	<hr/>
	-	150,000
	<hr/>	<hr/>

The Company agreed a Coronavirus Business Interruption Loan agreement with Barclays Bank plc in October 2020. Interest was charged on the loan on a floating rate basis where the interest charge will never be less than the margin of 2.95% per annum. The loan was interest free for the first 12 months. The loan was subsequently repaid in full in October 2021.

SHEPHALL WAY SERVICE STATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Deferred taxation

	2021 £	2020 £
At beginning of year	13,332	14,663
Charged to profit or loss	(6,267)	(1,331)
At end of year	7,065	13,332

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	16,902	16,322
Pension surplus	(9,837)	(2,990)
	7,065	13,332

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. Discontinued operations

On 31 July 2020 the Company disposed of its Stevenage Kia dealership to Safeway Cars Limited a fellow subsidiary of Now Investment Holdings Limited. The details of the disposal are as follows:

		£
Cash proceeds		193,068
		<u>193,068</u>
Net assets disposed of:		
Tangible fixed assets	28,798	
Stocks	1,891,644	
Debtors	495,236	
Cash	602,736	
Creditors	(2,825,346)	
		<u>(193,068)</u>
Profit on disposal before tax		<u><u>-</u></u>

The net inflow of cash in respect of the sale of the Stevenage Kia dealership is as follows:

	£
Cash consideration	193,068
Cash transferred on disposal	(602,736)
Net inflow of cash	<u><u>(409,668)</u></u>

13. Contingent liabilities

A cross guarantee and debenture is in place between Now Investment Holdings Limited, Shephall Way Service Station Limited and Safeway Cars Limited relating to the mortgage held over the property owned by Now Investment Holdings Limited. At the year end £947,222 (2020 - £1,020,556) was owed on the mortgage.

14. 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. There were outstanding contributions at the balance sheet date of £4,689 (2020 - £3,330).

SHEPHALL WAY SERVICE STATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	101,500	283,000
Later than 1 year and not later than 5 years	340,000	356,500
Later than 5 years	247,917	332,917
	<u>689,417</u>	<u>972,417</u>

The company recognised an expense of £283,000 (2020 - £323,500) during the period for lease payments under non-cancellable operating leases.

16. Related party transactions

As a wholly owned subsidiary, the Company has taken advantage of the exemption contained in Financial Reporting Standard 102 to not disclose transactions with wholly owned group entities.

The largest and smallest group of undertakings for which consolidated accounts are prepared and of which the Company is a member is that headed by Now Investment Holdings Limited. These financial statements may be obtained from Companies House, Crown Way, Cardiff , CF14 3UZ.

17. Controlling party

The ultimate parent undertaking is Now Investment Holdings Limited which is incorporated in England & Wales. The address of its registered office is Shephall Way Service Station, Shephall Way, Stevenage, Hertfordshire, SG2 9RW.

At 31 December 2021 J Taylor was deemed the ultimate controlling party by virtue of his majority shareholding in Now Investment Holdings Limited.