

Company registration number 03844666 (England and Wales)

WVC VEHICLE SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

WVC VEHICLE SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	W R J Dowling W A Dowling
Company number	03844666
Registered office	Felstead Manor Long Lane Staines upon Thames Middlesex TW19 7AN
Auditor	MGI Midgley Snelling LLP Ibex House Baker Street Weybridge Surrey KT13 8AH

WVC VEHICLE SOLUTIONS LIMITED

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WVC VEHICLE SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the Business

The directors believe that the gross profit margin should be considered the key performance indicator of the company.

The directors note that the gross margin of 8.1% was lower than the 9.5% margin achieved in 2021. However, the directors are aware that in 2022 there was widespread pressure on gross margins across the commercial vehicle sector and they consider the gross margin of the business to be consistent with their competitors.

Aside from the gross margin, the directors note a decrease in turnover of 16% compared with 2021. The turnover achieved in 2021 was somewhat inflated due to market conditions following the COVID-19 pandemic. As the market has gradually returned to normal a drop in turnover was to be expected.

Despite this, a healthy profit before taxation of £771,525 was made. Overall, the directors are therefore satisfied with the performance of the company during the year.

Principal risks and uncertainties

With regards to liquidity risk, the company has a sufficient bank overdraft facility to provide both flexibility and continuity of funding, as and when required. In respect of loans from financial institutions, exposure to interest rate risk is minimised by ensuring that such loans are repaid, according to the rate of interest, as soon as any surplus funds become available. The company manages the liquidity risk of all loans and hire purchase contracts by ensuring that there are sufficient funds available to meet the repayments as they fall due.

Trade debtors are managed in respect of credit risk and cash flow risk by strict company policies concerning the credit offered to customers and the regular monitoring of amounts outstanding. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Future Developments

As mentioned above, the commercial vehicle sector has been returning to normal after a buoyant period following the COVID-19 pandemic.

However, the recent expansion of the Ultra Low Emission Zone has generated significant trade in the first half of 2023, and due to the unique location of the business as one of the largest second hand vehicle traders in the outskirts of the newly expanded Ultra Low Emission Zone, the directors believe that the results of the business throughout 2023 will benefit accordingly and they are therefore expecting a similar level of turnover and profit to that achieved in 2022.

Meanwhile, the company continues to diversify its commercial vehicle stock offering as much as possible, to cover everything from car-derived vans to HGV's, with a focus on affordable Euro 6 compliant models that meet the requirements of the Ultra Low Emission Zone.

The company is also ready to embrace the electric van market as soon as this becomes economically viable for our typical customer base.

Overall, the directors are confident they have the knowledge and experience to continue to maintain and grow the business throughout 2023 and beyond.

On behalf of the board

W R J Dowling
Director

27 September 2023

WVC VEHICLE SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company during the year was the sale of commercial motor vehicles.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £274,000 (2021: £Nil). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

W R J Dowling

W A Dowling

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

W R J Dowling

Director

27 September 2023

WVC VEHICLE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WVC VEHICLE SOLUTIONS LIMITED

Opinion

We have audited the financial statements of WVC Vehicle Solutions Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2022 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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.

Opinions on other matters prescribed by the Companies Act 2006

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

WVC VEHICLE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WVC VEHICLE SOLUTIONS LIMITED

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 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, 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.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In planning and designing our audit tests, we identify and assess the risks of material misstatements within the financial statements, whether due to fraud or error. Our assessment of these risks includes consideration of the nature of the industry and sector, the control environment and the business performance along with the results of our enquiries of management, about their own identification and assessment of the risks of irregularities. We are also required to perform specific procedures to respond to the risk of management override.

As a result of this assessment, we considered the opportunities and incentives that may exist within the company for fraud and identified that the greatest area of risk was in relation to management override and the impairment of stock.

We have obtained an understanding of the legal and regulatory frameworks that the company operates in from discussions with the directors and our knowledge of the company and its industry sector. We have focussed on the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and local tax legislation.

WVC VEHICLE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WVC VEHICLE SOLUTIONS LIMITED

We performed the following audit procedures after consideration of the above risks which included the following:

- impairment testing in relation to stock;
- enquiry of management of actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisors;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

The engagement partner has assessed that all engagement team members were made aware of the relevant laws and regulations and potential fraud risks and were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Squires BEng FCA
Senior Statutory Auditor
For and on behalf of MGI Midgley Snelling LLP

28 September 2023

Chartered Accountants
Statutory Auditor

Ibex House
Baker Street
Weybridge
Surrey
KT13 8AH

WVC VEHICLE SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	38,980,774	46,360,997
Cost of sales		(35,807,825)	(41,980,772)
Gross profit		3,172,949	4,380,225
Administrative expenses		(2,177,722)	(2,143,903)
Other operating income		161,978	168,401
Operating profit	4	1,157,205	2,404,723
Interest receivable and similar income	8	25,724	5,930
Interest payable and similar expenses	9	(224,661)	(122,825)
Fair value gains and losses on investment properties	13	(186,743)	(54,653)
Profit before taxation		771,525	2,233,175
Tax on profit	11	(174,325)	(428,363)
Profit for the financial year		597,200	1,804,812

The profit and loss account has been prepared on the basis that all operations are continuing operations.

WVC VEHICLE SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	597,200	1,804,812
Other comprehensive income	-	-
Total comprehensive income for the year	<u>597,200</u>	<u>1,804,812</u>

WVC VEHICLE SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		503,789		472,895
Investment property	13		3,517,128		3,503,529
Investments	14		80,114		76,518
			<u>4,101,031</u>		<u>4,052,942</u>
Current assets					
Stocks	15	8,872,366		8,871,430	
Debtors falling due after more than one year	16	1,719,442		-	
Debtors falling due within one year	16	4,017,112		4,352,039	
Cash at bank and in hand		874		1,526	
		<u>14,609,794</u>		<u>13,224,995</u>	
Creditors: amounts falling due within one year	17	<u>(9,239,569)</u>		<u>(7,590,189)</u>	
Net current assets			<u>5,370,225</u>		<u>5,634,806</u>
Total assets less current liabilities			<u>9,471,256</u>		<u>9,687,748</u>
Creditors: amounts falling due after more than one year	18		<u>(3,068,796)</u>		<u>(3,606,095)</u>
Provisions for liabilities					
Deferred tax liability	21	124,553		126,946	
		<u>(124,553)</u>		<u>(126,946)</u>	
Net assets			<u><u>6,277,907</u></u>		<u><u>5,954,707</u></u>
Capital and reserves					
Called up share capital	23		2		2
Revaluation reserve			36,180		36,180
Non-distributable profits reserve	24		103,263		265,702
Distributable profit and loss reserves			6,138,462		5,652,823
Total equity			<u><u>6,277,907</u></u>		<u><u>5,954,707</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2023 and are signed on its behalf by:

W R J Dowling
Director

Company Registration No. 03844666

WVC VEHICLE SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Revaluation reserve	Non-distributable profits	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 January 2021		2	36,180	309,972	3,803,741	4,149,895
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	(44,270)	1,849,082	1,804,812
Balance at 31 December 2021		2	36,180	265,702	5,652,823	5,954,707
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	(162,439)	759,639	597,200
Dividends	10	-	-	-	(274,000)	(274,000)
Balance at 31 December 2022		2	36,180	103,263	6,138,462	6,277,907

WVC VEHICLE SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29		3,657,186		(645,103)
Interest paid			(224,661)		(122,825)
Income taxes paid			(312,185)		(86,729)
Net cash inflow/(outflow) from operating activities			3,120,340		(854,657)
Investing activities					
Purchase of tangible fixed assets		(95,866)		(203,345)	
Proceeds from disposal of tangible fixed assets		-		110,330	
Purchase of investment property		(200,342)		(53,829)	
Proceeds/(Purchases) of investments		(5,000)		64,963	
Interest received		25,724		5,930	
Net cash used in investing activities			(275,484)		(75,951)
Financing activities					
(Repayment)/advances of loans		(1,188,165)		252,793	
(Repayment)/advances of borrowings		(44,792)		21,250	
Repayment of bank loans		(561,664)		(207,778)	
Advance/(payment) of finance leases obligations		76,534		(69,119)	
Dividends paid		(274,000)		-	
Net cash used in financing activities			(1,992,087)		(2,854)
Net increase/(decrease) in cash and cash equivalents			852,769		(933,462)
Cash and cash equivalents at beginning of year			(1,353,017)		(419,555)
Cash and cash equivalents at end of year			(500,248)		(1,353,017)
Relating to:					
Cash at bank and in hand			874		1,526
Bank overdrafts included in creditors payable within one year			(501,122)		(1,354,543)

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

WVC Vehicle Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Felstead Manor, Long Lane, Staines upon Thames, Middlesex, TW19 7AN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

In light of another successful year of trading, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Revaluation gains are accounted for in other comprehensive income.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	No depreciation on land
Leasehold improvements	10% straight line
Plant and equipment	10% - 15% straight line
Fixtures and fittings	10% reducing balance
Structures and buildings	4% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Class 1, fixed asset investments, are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. This is due to the nature of the asset and there being no fair value obtainable.

Class 2, fixed asset investments, are measured at fair value with changes in fair value being recognised in other comprehensive income.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's obligation.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

Determine whether any provision is required against slow moving or obsolete stock items. These decisions will depend on the physical inspection to identify any damaged stock items at the balance sheet date.

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

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.

Investment property

The fair value of the investment property is stated with the help of a external professional estate agents on a open market value basis. Estimation uncertainty arises in ensuring the property is valued at market value.

Stock

The valuation of stock and the associated impairment of the stock is based on management's review of the market and any after date movements on stock. Where this information is unavailable, estimating the valuation of stock and impairment becomes uncertain.

3 Turnover and other revenue

	2022	2021
	£	£
Other revenue		
Interest income	25,724	5,930
Grants received	-	4,901
Rental income arising from investment properties	161,978	163,500

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	56,012	63,425
Depreciation of tangible fixed assets held under finance leases	8,960	-
(Profit)/loss on disposal of tangible fixed assets	-	156
Cost of stocks recognised as an expense	35,807,825	41,980,772

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	12,800	12,800
For other services		
All other non-audit services	500	1,800

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Management & administration staff	15	15
Sales staff	8	7
Total	23	22

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	722,592	839,364
Social security costs	70,319	93,394
Pension costs	14,267	13,617
	807,178	946,375

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	60,000	52,582
Company pension contributions to defined contribution schemes	1,321	220
	61,321	52,802

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Other interest income	25,724	5,930

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	218,275	111,563
Other finance costs:		
Interest on finance leases and hire purchase contracts	1,965	11,262
Interest on overdue tax	4,421	-
	<u>224,661</u>	<u>122,825</u>

10 Dividends

	2022	2021
	£	£
Final paid	274,000	-
	<u>274,000</u>	<u>-</u>

11 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	176,718	444,964
	<u>176,718</u>	<u>444,964</u>
Deferred tax		
Origination and reversal of timing differences	(2,393)	(16,601)
	<u>(2,393)</u>	<u>(16,601)</u>
Total tax charge	<u>174,325</u>	<u>428,363</u>

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	771,525	2,233,175
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	146,590	424,303
Tax effect of expenses that are not deductible in determining taxable profit	7,183	4,484
Gains not taxable	35,481	10,384
Permanent capital allowances in excess of depreciation	(12,507)	1,885
Profit/(loss) on sale of fixed assets	-	30
Deferred tax charge	(2,393)	(16,601)
Pension adjustment	(29)	63
Chargeable gains	-	3,815
Taxation charge for the year	174,325	428,363

Factors that may affect future tax charges

Increases in the UK corporation tax rate from 19% to 25%, with marginal relief available for profits between £50,000 and £250,000 (effective 1 April 2023) were substantively enacted on 3 March 2021. This will increase the group's future current tax charge accordingly.

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Structures and buildings £	Total £
Cost or valuation						
At 1 January 2022	50,000	13,549	274,720	256,201	131,123	725,593
Additions	-	-	91,207	1,276	3,383	95,866
At 31 December 2022	50,000	13,549	365,927	257,477	134,506	821,459
Depreciation and impairment						
At 1 January 2022	-	13,549	106,816	126,325	6,008	252,698
Depreciation charged in the year	-	-	43,556	16,048	5,368	64,972
At 31 December 2022	-	13,549	150,372	142,373	11,376	317,670
Carrying amount						
At 31 December 2022	50,000	-	215,555	115,104	123,130	503,789
At 31 December 2021	50,000	-	167,904	129,876	125,115	472,895

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and equipment	89,600	-

Freehold land and buildings with a carrying amount of £50,000 were revalued at 31 December 2022 by the director W R J Dowling. His valuation is based on a recent professional valuation of the property carried out in April 2022 on an open market value basis by reference to market evidence of transaction prices for similar properties, an assessment of the effect of market conditions prevailing in the area and any changes during the year in rental income generated by the investment property.

Freehold land and buildings are carried at valuation. If freehold land and buildings were measured using the cost model, the carrying amounts would have been £32,000 (2021: £32,000).

13 Investment property

	2022 £
Fair value	
At 1 January 2022	3,503,529
Additions through external acquisition	200,342
Net gains or losses through fair value adjustments	(186,743)
At 31 December 2022	3,517,128

The value of the freehold investment property has been determined by the director W R J Dowling. His valuation is based on a recent professional valuation of the property carried out in early 2022 on an open market value basis by reference to market evidence of transaction prices for similar properties, an assessment of the effect of market conditions prevailing in the area and any changes during the year in rental income generated by the investment property.

14 Fixed asset investments

	2022 £	2021 £
Other investments	80,114	76,518

Fixed asset investments comprise of class 1 cherished assets stated at cost less impairment of £40,114 (2021: £36,518) and class 2 classic assets stated at fair value by the directors of £40,000 (2021: £40,000).

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Fixed asset investments (Continued)

Movements in fixed asset investments

	Other £
Cost or valuation	
At 1 January 2022	79,368
Additions	5,000
	<hr/>
At 31 December 2022	84,368
	<hr/>
Impairment	
At 1 January 2022	2,850
Impairment losses	1,404
	<hr/>
At 31 December 2022	4,254
	<hr/>
Carrying amount	
At 31 December 2022	80,114
	<hr/>
At 31 December 2021	76,518
	<hr/>

15 Stocks

	2022 £	2021 £
Finished goods and goods for resale	8,872,366	8,871,430
	<hr/>	<hr/>

The total provision against slow moving and obsolete stock as at 31 December 2022 was £713,293 (2021: £503,847).

16 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	446,311	1,131,854
Amounts due from connected companies	2,088,934	2,970,388
Other debtors	1,446,788	221,503
Prepayments and accrued income	35,079	28,294
	<hr/>	<hr/>
	4,017,112	4,352,039
	<hr/>	<hr/>

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Debtors		(Continued)	
		2022 £	2021 £
Amounts falling due after more than one year:			
Amounts due from connected companies		1,719,442	-
		<u> </u>	<u> </u>
Total debtors		5,736,554	4,352,039
		<u> </u>	<u> </u>
17 Creditors: amounts falling due within one year			
	Notes	2022 £	2021 £
Bank loans and overdrafts	19	1,062,782	1,931,227
Obligations under finance leases	20	22,401	-
Other borrowings	19	537,500	537,500
Trade creditors		5,373,038	3,357,669
Corporation tax		521,682	657,149
Other taxation and social security		33,227	299,083
Other creditors		1,504,067	630,516
Accruals and deferred income		184,872	177,045
		<u> </u>	<u> </u>
		9,239,569	7,590,189
		<u> </u>	<u> </u>
18 Creditors: amounts falling due after more than one year			
	Notes	2022 £	2021 £
Bank loans and overdrafts	19	2,790,705	3,337,345
Obligations under finance leases	20	54,133	-
Other borrowings	19	223,958	268,750
		<u> </u>	<u> </u>
		3,068,796	3,606,095
		<u> </u>	<u> </u>
Amounts included above which fall due after five years are as follows:			
Payable by instalments		-	1,150,610
		<u> </u>	<u> </u>

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Loans and overdrafts

	2022 £	2021 £
Bank loans	3,352,365	3,914,029
Bank overdrafts	501,122	1,354,543
Other loans	761,458	806,250
	<u>4,614,945</u>	<u>6,074,822</u>
Payable within one year	1,600,282	2,468,727
Payable after one year	<u>3,014,663</u>	<u>3,606,095</u>

The bank overdraft and loan are secured by a legal mortgage debenture over the company's investment property and tangible assets.

Included in creditors are secured amounts of £1,800,000 (2021: £2,280,000), of which £1,320,000 (2021: £1,800,000) is shown in long term creditors. This loan has been secured by a fixed and floating charge over the assets held by the company. The bank loan is repayable over 5 years by equal instalments. Interest on the loan is charged at 3.99% per annum over the Bank of England base rate.

A further loan of £1,552,365 (2021: £1,634,029) is secured by a legal mortgage debenture over the company's assets. A guarantee is also provided by a director for the sum of £1,100,000 (2021: £1,100,000). The bank loan is repayable over 20 years by equal monthly instalments. Interest on the loan is charged at 2.5% per annum over the Bank of England base rate.

Also included in creditors are secured amounts of £761,458 (2021: £806,250) with £223,958 (2021: £268,750) shown in long term creditors. This loan has been secured by a debenture over the assets and undertakings of the company with first priority over owned stock.

20 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	25,511	-
In two to five years	61,652	-
	<u>87,163</u>	<u>-</u>
Less: future finance charges	<u>(10,629)</u>	<u>-</u>
	<u>76,534</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance leases are secured on the underlying assets.

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	77,981	56,070
Investment property valuation	35,322	62,326
Other investments valuation	11,250	8,550
	<u>124,553</u>	<u>126,946</u>
Movements in the year:		2022 £
Liability at 1 January 2022		126,946
Credit to profit or loss		(2,393)
Liability at 31 December 2022		<u>124,553</u>

22 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>14,267</u>	<u>13,617</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end, pension contributions amounting to £1,110 (2021: £1,259) were outstanding and are shown in other creditors due within one year.

23 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 2p each	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Non-distributable profits reserve

	2022 £	2021 £
At the beginning of the year	265,702	309,972
Non distributable profits in the year	(162,439)	(44,270)
At the end of the year	103,263	265,702

25 Directors' transactions

The following advances and credits to the directors subsisted during the year to 31 December 2022:-

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Closing balance £
W R J Dowling -	2.00	101,442	418,976	9,182	529,600
W A Dowling -	2.00	7,319	743,881	16,126	767,326
		108,761	1,162,857	25,308	1,296,926

The above loans are considered repayable on demand and where the loan is in excess of £10,000 interest has been charged at 2%.

The above loans were repaid in full by the director within 9 months of the year end.

26 Ultimate controlling party

The company was under the control of W R J Dowling throughout the current and previous year.

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	68,726	60,000

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Related party transactions

(Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2022	2021	2022	2021
	£	£	£	£
Entities of which the director has control, joint control or significant influence over	551,328	868,617	1,093,825	808,533
Other related parties	291,851	1,274,073	1,426,225	1,956,140

	Other income		Other costs	
	2022	2021	2022	2021
	£	£	£	£
Entities of which the director has control, joint control or significant influence over	33,600	63,396	389,500	486,000
Key management personnel	-	-	100,000	91,667

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
Amounts due to related parties		
Entities of which the director has control, joint control or significant influence over	2,703,650	1,401,346
Other related parties	84,552	-

Outstanding balances are all interest free and repayable on demand.

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
Amounts due from related parties		
Entities of which the director has control, joint control or significant influence over	3,894,836	3,535,811

Outstanding balances are all interest free and repayable on demand.

Other information

The company has provided a guarantee to WVC Land & Developments, a company under common control, as security in respect of the liabilities of that company to National Westminster Bank Plc. At the balance sheet date the amount of potential exposure arising from this guarantee was £2,550,000 (2021: £2,550,000).

WVC VEHICLE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Analysis of changes in net debt

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	1,526	(652)	874
Bank overdrafts	(1,354,543)	853,421	(501,122)
	(1,353,017)	852,769	(500,248)
Borrowings excluding overdrafts	(4,720,279)	606,456	(4,113,823)
Obligations under finance leases	-	(76,534)	(76,534)
	(6,073,296)	1,382,691	(4,690,605)

29 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
Profit for the year after tax	597,200	1,804,812
Adjustments for:		
Taxation charged	174,325	428,363
Finance costs	224,661	122,825
Investment income	(25,724)	(5,930)
(Gain)/loss on disposal of tangible fixed assets	-	156
Fair value loss on investment properties	186,743	54,653
Depreciation and impairment of tangible fixed assets	66,376	64,325
Loss on disposal of investments	-	(6,045)
Movements in working capital:		
Increase in stocks	(936)	(2,970,095)
Increase in debtors	(196,350)	(1,267,770)
Increase in creditors	2,630,891	1,129,603
Cash generated from/(absorbed by) operations	3,657,186	(645,103)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.