

Auto Spares (Sutton) Limited

Annual Report and Financial Statements
for the Year Ended 31 March 2022

RWB CA Limited
Statutory Auditors
Northgate House
North Gate
New Basford
Nottingham
NG7 7BQ

Auto Spares (Sutton) Limited

Contents

Company Information	<u>1</u>
Strategic Report	<u>2</u>
Directors' Report	<u>3</u>
Statement of Directors' Responsibilities	<u>4</u>
Independent Auditor's Report	<u>5</u> to <u>8</u>
Profit and Loss Account and Statement of Retained Earnings	<u>9</u>
Balance Sheet	<u>10</u>
Statement of Cash Flows	<u>11</u>
Notes to the Financial Statements	<u>12</u> to <u>25</u>

Auto Spares (Sutton) Limited

Company Information

Directors Mr A F Wells
Mrs N V C Wells-Vipond
Mrs C Wells
Mr A A Wells

Company secretary Mrs C Wells

Registered office Autospare Sutton Ltd
New Cross Street
Sutton in Ashfield
Notts
NG17 4EH

Solicitors BRM Solicitors
Gray Court
99 Saltergate
Chesterfield
S40 1LD

Auditors RWB CA Limited
Statutory Auditors
Northgate House
North Gate
New Basford
Nottingham
NG7 7BQ

Auto Spares (Sutton) Limited

Strategic Report for the Year Ended 31 March 2022

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

Principal activity

The principal activity of the company is that of wholesale and retail of motor factors.

Fair review of the business

The directors consider that the primary key performance indicators of the business are turnover, margins, net profit and net current assets. The increase in turnover is a result of the opening of the Ilkeston branch.

The cash position remains strong within the business.

The directors consider that in the present economic climate the performance of the company is satisfactory and the directors continue to look to expand.

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Turnover	£	7,236,112	6,813,526
Margin	%	45	47
Net profit (loss)	£	568,350	729,076
Net assets	£	5,270,483	4,914,133

Principal risks and uncertainties

The principal risk of the business is related to the competitive nature of the industry. The directors are confident that safeguards are in place to prevent any serious impact that these risks may cause to the business.

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

.....
Mr A F Wells
Director

Auto Spares (Sutton) Limited

Directors' Report for the Year Ended 31 March 2022

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

Directors of the company

The directors who held office during the year were as follows:

Mr A F Wells

Mrs N V C Wells-Vipond

Mrs C Wells - Company secretary and director

Mr A A Wells

Financial instruments

Objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, liquidity risk and cash flow risk.

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

The company has a policy of not using hedging for any transactions to minimise its financial risk.

The directors feel that exposure to price risk is minimal as goods are turned over quickly and prices are regularly reviewed, to ensure that they are competitive.

Trade debtors are managed in respect of credit and cash flow risk by the performance of credit checks on all new customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debts.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

.....
Mr A F Wells

Director

Auto Spares (Sutton) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Auto Spares (Sutton) Limited

Independent Auditor's Report to the Members of Auto Spares (Sutton) Limited

Qualified opinion

We have audited the financial statements of Auto Spares (Sutton) Limited (the 'company') for the year ended 31 March 2022, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 qualified opinion on financial statements

We were not appointed as auditors of the company until after 31 March 2021. As a consequence we were unable to test the physical quantities of stock held at that date. We were unable to satisfy ourselves by alternate means concerning the stock quantities held at 31 March 2021, and as a result we were unable to determine whether any adjustments might have been found necessary in respect of opening stock and the elements making up the Profit and Loss Account and Statement of Retained Earnings.

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

Auto Spares (Sutton) Limited

Independent Auditor's Report to the Members of Auto Spares (Sutton) Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of our 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 and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], 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.

Auto Spares (Sutton) Limited

Independent Auditor's Report to the Members of Auto Spares (Sutton) Limited

Auditor 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our experience through discussion with the Officers and other management (as required by auditing standards)

- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related trade union legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

- Except for any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Officers.

- We communicated identified relevant laws and regulations to the business throughout our audit team and remained vigilant to any indications of non-compliance throughout the audit.

- We addressed the risk of fraud through management override of controls, by 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.

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 auditor's report.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auto Spares (Sutton) Limited

Independent Auditor's Report to the Members of Auto Spares (Sutton) Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

.....
Neil Coupland FCA (Senior Statutory Auditor)
For and on behalf of RWB CA Limited, Statutory Auditor
Northgate House
North Gate
New Basford
Nottingham
NG7 7BQ

22 December 2022

Auto Spares (Sutton) Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	7,236,112	6,813,526
Cost of sales		<u>(3,981,436)</u>	<u>(3,595,655)</u>
Gross profit		3,254,676	3,217,871
Administrative expenses		(2,605,354)	(2,488,002)
Other operating income	<u>4</u>	<u>35,262</u>	<u>131,595</u>
Operating profit	<u>6</u>	<u>684,584</u>	<u>861,464</u>
Other interest receivable and similar income	<u>8</u>	<u>136</u>	<u>347</u>
		<u>136</u>	<u>347</u>
Profit before tax		684,720	861,811
Taxation	<u>12</u>	<u>(116,370)</u>	<u>(132,735)</u>
Profit for the financial year		568,350	729,076
Retained earnings brought forward		4,911,633	4,302,557
Dividends paid		<u>(212,000)</u>	<u>(120,000)</u>
Retained earnings carried forward		<u><u>5,267,983</u></u>	<u><u>4,911,633</u></u>

Auto Spares (Sutton) Limited
(Registration number: 01083117)
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>13</u>	-	-
Tangible assets	<u>14</u>	663,031	541,791
Investment property	<u>15</u>	283,728	283,728
Investments	<u>16</u>	1,000	1,000
		<u>947,759</u>	<u>826,519</u>
Current assets			
Stocks	<u>17</u>	1,561,484	1,394,608
Debtors	<u>18</u>	2,714,895	2,702,839
Cash at bank and in hand		1,105,868	1,118,795
		5,382,247	5,216,242
Creditors: Amounts falling due within one year	<u>20</u>	(989,542)	(1,076,111)
Net current assets		<u>4,392,705</u>	<u>4,140,131</u>
Total assets less current liabilities		5,340,464	4,966,650
Provisions for liabilities	<u>21</u>	(69,981)	(52,517)
Net assets		<u><u>5,270,483</u></u>	<u><u>4,914,133</u></u>
Capital and reserves			
Called up share capital		2,500	2,500
Retained earnings		<u>5,267,983</u>	<u>4,911,633</u>
Shareholders' funds		<u><u>5,270,483</u></u>	<u><u>4,914,133</u></u>

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

.....

Mr A F Wells

Director

Auto Spares (Sutton) Limited

Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		568,350	729,076
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	63,720	63,593
Profit on disposal of tangible assets	<u>5</u>	(300)	-
Finance income	<u>8</u>	(136)	(347)
Income tax expense	<u>12</u>	116,370	132,735
		748,004	925,057
Working capital adjustments			
Increase in stocks	<u>17</u>	(166,876)	(161,985)
Increase in trade debtors	<u>18</u>	(12,056)	(56,236)
(Decrease)/increase in trade creditors	<u>20</u>	(49,021)	276,834
Cash generated from operations		520,051	983,670
Income taxes paid	<u>12</u>	(136,454)	(74,004)
Net cash flow from operating activities		383,597	909,666
Cash flows from investing activities			
Interest received	<u>8</u>	136	347
Acquisitions of tangible assets		(187,160)	(11,166)
Proceeds from sale of tangible assets		2,500	-
Acquisition of investment properties		-	(283,728)
Net cash flows from investing activities		(184,524)	(294,547)
Cash flows from financing activities			
Dividends paid		(212,000)	(120,000)
Net (decrease)/increase in cash and cash equivalents		(12,927)	495,119
Cash and cash equivalents at 1 April		1,118,795	623,676
Cash and cash equivalents at 31 March		1,105,868	1,118,795

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Autospares Sutton Ltd
New Cross Street
Sutton in Ashfield
Notts
NG17 4EH

The principal place of business is:

Greenwood House
Unity Road
Kirkby-in-Ashfield
Nottinghamshire
NG17 7LE

These financial statements were authorised for issue by the Board on 22 December 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company is part of a small group. The company has taken advantage of the exemption provided by Section 398 of the Companies Act 2006 and has not prepared group accounts..

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Government grants

The government grants are recognised using the accrual model and being that the grants are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the entity they are recognised as income in the period in which the company becomes eligible for the grant.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	2% straight line and over the period of the lease
Plant and machinery	15% reducing balance
Furniture and fittings	10% reducing balance and 25% straight line
Motor vehicles	25% reducing balance

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 5 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Recognition and measurement

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	7,236,112	6,813,526

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Government grants	40,845	125,095
Miscellaneous other operating income	(5,583)	6,500
	<u>35,262</u>	<u>131,595</u>

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2022 £	2021 £
Gain/loss on disposal of property, plant and equipment	<u>300</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	63,720	63,593
Operating lease expense - plant and machinery	18,178	6,441
Profit on disposal of property, plant and equipment	<u>(300)</u>	<u>-</u>

7 Government grants

Grants received relate to the Coronavirus Job Retention Scheme.

The amount of grants recognised in the financial statements was £40,845 (2021 - £125,095).

8 Other interest receivable and similar income

	2022 £	2021 £
Interest income on bank deposits	<u>136</u>	<u>347</u>

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	1,433,545	1,412,824
Social security costs	101,242	69,010
Other short-term employee benefits	13,679	11,248
Pension costs, defined contribution scheme	127,570	122,642
Redundancy costs	-	16,300
Other employee expense	3,894	20,087
	<u>1,679,930</u>	<u>1,652,111</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Administration and support	10	10
Sales, marketing and distribution	72	77
	<u>82</u>	<u>87</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	35,880	35,880
Contributions paid to money purchase schemes	40,000	40,000
	<u>75,880</u>	<u>75,880</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

11 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	8,200	-
Other fees to auditors		
Taxation compliance services	2,500	-
All other non-audit services	9,750	-
	12,250	-

12 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	98,906	136,454
Deferred taxation		
Arising from origination and reversal of timing differences	17,464	(3,719)
Tax expense in the income statement	116,370	132,735

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	684,720	861,811
Corporation tax at standard rate	130,097	163,744
Effect of expense not deductible in determining taxable profit (tax loss)	16	-
Deferred tax expense/(credit) relating to changes in tax rates or laws	17,464	(3,719)
Tax (decrease)/increase from effect of capital allowances and depreciation	(23,607)	8,810
Other tax effects for reconciliation between accounting profit and tax expense (income)	(7,600)	(36,100)
Total tax charge	116,370	132,735

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Deferred tax

Deferred tax assets and liabilities

	Liability £
2022	
Difference between accumulated depreciation and amortisation and capital allowances	69,592
	<u>69,592</u>

	Liability £
2021	
Difference between accumulated depreciation and amortisation and capital allowances	52,517
	<u>52,517</u>

13 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 April 2021	68,500	68,500
At 31 March 2022	68,500	68,500
Amortisation		
At 1 April 2021	68,500	68,500
At 31 March 2022	68,500	68,500
Carrying amount		
At 31 March 2022	<u>-</u>	<u>-</u>

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

14 Tangible assets

	Land and buildings £	Other tangible assets £	Total £
Cost or valuation			
At 1 April 2021	488,543	1,663,182	2,151,725
Additions	36,746	150,414	187,160
Disposals	(36,207)	(15,175)	(51,382)
	<u>489,082</u>	<u>1,798,421</u>	<u>2,287,503</u>
At 31 March 2022			
Depreciation			
At 1 April 2021	251,331	1,358,603	1,609,934
Charge for the year	9,904	53,816	63,720
Eliminated on disposal	(36,207)	(12,975)	(49,182)
	<u>225,028</u>	<u>1,399,444</u>	<u>1,624,472</u>
At 31 March 2022			
Carrying amount			
At 31 March 2022	<u>264,054</u>	<u>398,977</u>	<u>663,031</u>
At 31 March 2021	<u>237,212</u>	<u>304,579</u>	<u>541,791</u>

Included within the net book value of land and buildings above is £213,709 (2021 - £218,405) in respect of freehold land and buildings and £50,345 (2021 - £18,807) in respect of short leasehold land and buildings.

15 Investment properties

	2022 £
At 1 April	<u>283,728</u>
At 31 March	<u>283,728</u>

The property was acquired at the end of the financial year so is shown at market value.

There has been no valuation of investment property by an independent valuer.

16 Investments

	2022 £	2021 £
Investments in subsidiaries	<u>1,000</u>	<u>1,000</u>

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Subsidiaries	£
Cost or valuation	
At 1 April 2021	1,000
Provision	
Carrying amount	
At 31 March 2022	1,000
At 31 March 2021	1,000

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Sutton Autospare Limited	England and Wales	Ordinary	100%	100%

Subsidiary undertakings

Sutton Autospare Limited

The principal activity of Sutton Autospare Limited is that of a dormant company.

17 Stocks

	2022	2021
	£	£
Finished goods and goods for resale	1,561,484	1,394,608

18 Debtors

	2022	2021
	£	£
Current		
Trade debtors	575,610	636,970
Other debtors	1,955,362	1,967,049
Prepayments	183,923	98,820
	2,714,895	2,702,839

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

19 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	10,512	62,286
Cash at bank	17,344	59,121
Short-term deposits	1,078,012	997,388
	<u>1,105,868</u>	<u>1,118,795</u>

20 Creditors

	Note	2022 £	2021 £
Due within one year			
Trade creditors		753,540	630,813
Social security and other taxes		105,511	248,350
Other payables		9,148	47,994
Accrued expenses		22,437	12,500
Income tax liability	<u>12</u>	<u>98,906</u>	<u>136,454</u>
		<u>989,542</u>	<u>1,076,111</u>

21 Provisions for liabilities

	Deferred tax £	Total £
At 1 April 2021	52,517	52,517
Increase (decrease) in existing provisions	<u>17,464</u>	<u>17,464</u>
At 31 March 2022	<u>69,981</u>	<u>69,981</u>

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £127,570 (2021 - £122,642).

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

23 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary Shares of £1 each	2,500	2,500	2,500	2,500

24 Related party transactions

Key management personnel

Autospares (Sutton) Ltd Retirement Benefit Scheme

Summary of transactions with key management

The company operates from premises which are owned by Autospares (Sutton) Ltd Retirement Benefit Scheme which provides retirement benefits for all the directors.

Summary of transactions with other related parties

Auto Spares (Sutton) Limited and Continental Direct Limited are under common ownership.

Income and receivables from related parties

	Other related parties £
2022	
Recharges	25,288
Amounts receivable from related party	1,955,589

Expenditure with and payables to related parties

	Key management £	Other related parties £
2022		
Purchase of goods	-	613,484
Rent	149,058	-
	149,058	613,484
Amounts payable to related party	-	57,056

Auto Spares (Sutton) Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

25 Limitation liability agreement

On 29 November 2022 the members approved the resolution for the Company to enter into a Limitation Liability Agreement with its Auditors. This agreement is limited to the period of one year from the date of approval by the members. A summary of the principal terms is that the agreement limits the amount of any liability owed to the Company by the Auditor in respect of negligence, default, breach of duty or trust, occurring in the course of the audit of these accounts of which the Auditor may be guilty. The agreement will not limit the amount of the Auditor liability for fraud or regulations. The maximum amount of the Auditor's Liability to the company shall not exceed £1,000,000. In accordance with section 537 of the Companies Act 2006 this agreement does not limit the Auditor's liability to less than that which would be fair and reasonable as so determined in accordance with that section. The Auditor in this case refers to RWB CA Limited and its directors, employees, consultants and any other person for whom RWB CA Limited is vicariously liable.

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.