Company registration number 01815363 (England and Wales)

CHRISTOPHER NEIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CHRISTOPHER NEIL LIMITED

COMPANY INFORMATION

Directors	J R A Jarratt L H Shepherdson N E Shepherdson A V Shepherdson
Secretary	Q R Spratt
Company number	01815363
Registered office	Bridge House Ashley Road Hale Altrincham Cheshire WA15 2UT
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT

CHRISTOPHER NEIL LIMITED

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Fair review of the business
Following Covid, sports car sales saw a rapid bounce back in demand resulting in increased sales and margins. The more mainstream Mazda brand saw a similar effect with margins rising with limited supply availability. Service levels remained stable throughout.

Going forward, demand is expected to remain stable at around pre-pandemic levels with results dependant on availability.

Principal risks and uncertainties
The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Manufacturers supply of new and improved products
The company is reliant on new vehicle products from its manufacturer partners. This exposes the company to risks in a number of areas as the company is dependent on its manufacturer/suppliers in respect of:

- availability of new vehicle products
- quality of new vehicle products
- pricing of new vehicle products

The directors are confident that future new products from its manufacturer/suppliers will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by the other core business areas of the company, including used vehicle sales, parts sales and service work.

Used vehicle price variation
Used vehicle prices can decline significantly. As a significant proportion of the business comprises used vehicle sales, these declines can have a material impact on the business. The impact of declines in used vehicle prices can result in reduced profits on sales and also write-downs in the value of used vehicle stock.

Competition
The company competes with other franchised vehicle dealerships, independent used vehicle sellers, private buyers and sellers, internet-based dealers, independent service and repair shops and vehicle manufacturers who have entered the retail market. The company competes for the sale of new and used vehicles, the performance of warranty repairs, non-warranty repairs, routine maintenance business and for the provision of spare parts. The principal competitive factors in service and parts sales are price, familiarity with a manufacturer's brands and models and the quality of customer service.

Company, people and reputation
The company has invested heavily in its people and its reputation over a number of years. It is therefore reliant on these individuals to a degree in delivering the company result and reinforcing the underlying company brand. The company undertakes a regular review of remuneration and packages to ensure that it attracts and retains the best people.

Economic downturn
The success of the business is reliant on consumer spending. An economic downturn, resulting in the reduction of consumer spending power will have a direct impact on the income achieved by the company.

In response to this risk senior management aim to keep abreast of economic conditions. In cases of severe economic downturn marketing and pricing strategies are modified to reflect the new market conditions.

On behalf of the board

L H Shepherdson
Director

31 March 2023

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activities

The principal activity of the company continued to be that of the sale on new and used motor vehicles, provision of motor vehicle servicing and repairs and the sales of spare parts and accessories.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

J R A Jarratt
L H Shepherdson
N E Shepherdson
A V Shepherdson

Financial instruments

The group uses various financial instruments which include bank, financial institution and stocking loans, cash and various items, such as consignment stock, trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for the group's operations. Their existence exposes the group to a number of financial risks.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agrees policies for managing each of these risks which are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

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

The company's policy throughout the year has been to achieve this objective through the day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

Interest rate risk

The company finances its operations through a mixture of bank and other external borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparts have high credit ratings assigned by international credit-rating agencies. The principal credit risk therefore arises from its trade debtors.

In order to manage credit risk, the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance director on a regular basis in conjunction with debt ageing and collection history.

Auditor

UHY Hacker Young Manchester LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

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

L H Shepherdson
Director

31 March 2023

CHRISTOPHER NEIL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHRISTOPHER NEIL LIMITED

Opinion

We have audited the financial statements of Christopher Neil Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 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 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.

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.

Extent to which the audit was considered 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:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance
- any matters we identified having obtained and reviewed the company’s documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of used vehicle stocks and recognition of supplier incentives. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and those charged with governance concerning actual and potential litigation claims;
- in addressing the risk of fraud through inappropriate valuation of used vehicle inventory, assessing net realisable value of stock items sold after the year end was above cost or assessing their value with reference to third party data sources if unsold.
- in addressing the risk of fraud through inappropriate recording of supplier incentives, ensuring amounts recorded as due were then subsequently acknowledged as such by the supplier;
- in assessing the risk of fraud through management override of controls, testing the appropriateness of journal entries and assessing whether judgements made in making accounting estimates are indicative of potential bias.

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

We also obtained an understanding of the legal and regulatory frameworks the company operates in, focusing on provisions of those laws and regulations that had 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 tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's FCA regulatory requirements.

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.

Ian McMahon FCCA FMAAT
Senior Statutory Auditor
For and on behalf of UHY Hacker Young Manchester LLP 31 March 2023

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

CHRISTOPHER NEIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	**3**	15,512,035	12,810,475
Cost of sales		(13,232,922)	(11,452,934)
Gross profit		2,279,113	1,357,541
Distribution costs		-	(92,090)
Administrative expenses		(1,750,891)	(1,788,463)
Other operating income		-	313,803
Operating profit/(loss)	**4**	528,222	(209,209)
Interest payable and similar expenses	**7**	-	(2,620)
Profit/(loss) before taxation		528,222	(211,829)
Tax on profit/(loss)	**8**	(68,986)	14,061
Profit/(loss) for the financial year		459,236	(197,768)

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

CHRISTOPHER NEIL LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	**9**		196,546		151,961
Current assets					
Stocks	**10**	2,975,682		3,583,933	
Debtors	**11**	932,553		1,174,124	
Cash at bank and in hand		1,110,704		1,617,562	
		5,018,939		6,375,619	
Creditors: amounts falling due within one year	**12**	(2,715,654)		(4,501,946)	
Net current assets			2,303,285		1,873,673
Total assets less current liabilities			2,499,831		2,025,634
Creditors: amounts falling due after more than one year	**13**		-		(1,356)
Provisions for liabilities					
Deferred tax liability	**14**	34,345		18,028	
			(34,345)		(18,028)
Net assets			2,465,486		2,006,250
Capital and reserves					
Called up share capital	**16**		10,000		10,000
Profit and loss reserves	**17**		2,455,486		1,996,250
Total equity			2,465,486		2,006,250

The financial statements were approved by the board of directors and authorised for issue on 31 March 2023 and are signed on its behalf by:

L H Shepherdson
Director

Company Registration No. 01815363

CHRISTOPHER NEIL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	10,000	2,194,018	2,204,018
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(197,768)	(197,768)
Balance at 31 March 2021	10,000	1,996,250	2,006,250
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	459,236	459,236
Balance at 31 March 2022	10,000	2,455,486	2,465,486

1 Accounting policies

Company information

Christopher Neil Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bridge House, Ashley Road, Hale, Altrincham, Cheshire, WA15 2UT.

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. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Christopher Neil Management Services Limited and these financial statements may be obtained from Companies House.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus 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.

Revenue from commission's receivable is recognised when the amount can be reliably measured and it is probable that the company will receive the consideration.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

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

Leasehold land and buildings	4% on cost
Plant and machinery	10-25% on cost
Fixtures and fittings	10% on cost
Motor vehicles	25% on cost

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 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

1.7 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ of FRS 102 to all of its 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.

1 Accounting policies **(Continued)**

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

1 Accounting policies **(Continued)**

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 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.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 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.

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass’ and CAP valuation guides. The directors maintain oversight of ageing stock profiles and a monthly review of any provision required is performed.

Useful lives of property, plant and equipment

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See the accounting policies note for the useful economic lives for each class of assets.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sales of goods	14,704,885	11,965,169
Rendering of services	807,150	845,306
	15,512,035	12,810,475

	2022	2021
	£	£
Other revenue		
Commissions received	-	150,757
Grants received	-	163,046

4 Operating profit/(loss)

	2022	2021
Operating profit/(loss) for the year is stated after charging/(crediting):	£	£
Government grants	-	(163,046)
Fees payable to the company's auditor for the audit of the company's financial statements	22,876	12,674
Depreciation of owned tangible fixed assets	30,906	23,389
Operating lease charges	108,340	98,605

5 Employees

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

	2022 Number	2021 Number
Production and sales staff	32	30
Admin and management	4	6
Total	36	36

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,112,594	908,786
Social security costs	96,687	82,268
Pension costs	19,462	20,149
	1,228,743	1,011,203

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	78,887	77,076
Company pension contributions to defined contribution schemes	881	875
	79,768	77,951

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

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	-	2,620

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	52,669	(13,765)

8 Taxation **(Continued)**

	2022	2021
	£	£
Deferred tax		
Origination and reversal of timing differences	16,317	(296)
Total tax charge/(credit)	68,986	(14,061)

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

	2022	2021
	£	£
Profit/(loss) before taxation	528,222	(211,829)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	100,362	(40,248)
Tax effect of expenses that are not deductible in determining taxable profit	948	908
Tax effect of utilisation of tax losses not previously recognised	-	11,304
Unutilised tax losses carried forward	-	13,679
Permanent capital allowances in excess of depreciation	-	296
Depreciation on assets not qualifying for tax allowances	401	-
Changes in tax rate	8,243	-
Movement in deferred tax not recognised	(36,993)	-
Super-deduction expenditure adjustment	(3,975)	-
Taxation charge/(credit) for the year	68,986	(14,061)

The applicable tax rate for the current year is 19 % (2021:19%). An increase to 25% (effective 1 April 2023) was enacted on 24 May 2021 and deferred tax at the balance sheet date has been measured using rates between 19% and 25% depending on the anticipated timing of the reversal.

9 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2021	50,541	237,413	441,640	73,878	803,472
Additions	-	9,937	10,554	55,000	75,491
At 31 March 2022	50,541	247,350	452,194	128,878	878,963
Depreciation and impairment					
At 1 April 2021	2,018	195,222	381,518	72,753	651,511
Depreciation charged in the year	2,114	8,678	13,256	6,858	30,906
At 31 March 2022	4,132	203,900	394,774	79,611	682,417
Carrying amount					
At 31 March 2022	46,409	43,450	57,420	49,267	196,546
At 31 March 2021	48,523	42,191	60,122	1,125	151,961

10 Stocks

	2022	2021
	£	£
Parts stock	256,658	341,283
Vehicle stock	2,719,024	3,242,650
	2,975,682	3,583,933

11 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	887,327	876,859
Corporation tax recoverable	(17,647)	35,022
Other debtors	5,600	76,418
Prepayments and accrued income	57,273	185,825
	932,553	1,174,124

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,400,427	2,824,503
Amounts owed to group undertakings	569,977	899,988
Taxation and social security	71,195	17,942
Other creditors	403,304	243,855
Accruals and deferred income	270,751	515,658
	2,715,654	4,501,946

Vehicle funding of £846,468 (2021: £772,667) included within trade creditors is secured directly over the vehicles to which it relates.

13 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Other creditors	-	1,356

14 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	34,345	18,028

	2022
Movements in the year:	£
Liability at 1 April 2021	18,028
Charge to profit or loss	16,317
Liability at 31 March 2022	34,345

15 Retirement benefit schemes

	2022	2021
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	19,462	20,149

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.

16 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

17 Profit and loss reserves

This reserve includes all current and prior period retained profits and losses, less dividends paid.

18 Financial commitments, guarantees and contingent liabilities

The company provided a cross guarantee in respect of Christopher Neil Management Services Limited. At the balance sheet date there was a potential contingent liability of £1,780,614 (2021: £1,834,753).

19 Operating lease commitments

Lessee

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

	2022	2021
	£	**£**
Within one year	80,000	20,000
Between two and five years	140,000	80,000
In over five years	-	38,333
	220,000	138,333

20 Related party transactions

During the year the company paid rent amounting to £80,000 (2021: £80,000) in respect of a property it has occupied which is owned by a related pension settlement. At 31 March 2022 the company owed £33,333 (2021: £274,831) in rent.

21 Ultimate controlling party

Christopher Neil Management Services Limited is regarded by the directors as being the company's ultimate parent company, by virtue of holding 100% of the issued share capital of the company.