

**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**  
**FOR**  
**SIDELINE DESIGN LIMITED**

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**for the year ended 31 May 2020**

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**SIDELINE DESIGN LIMITED**  
**COMPANY INFORMATION**  
**for the year ended 31 May 2020**

**DIRECTOR:** Mr K K Chopra

**SECRETARY:** Mrs H G Chopra

**REGISTERED OFFICE:** 51 Tallon Road  
Hutton  
Brentwood  
Essex  
CM13 1TG

**REGISTERED NUMBER:** 03963558 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:** Mr Lee Manning FCCA

**AUDITORS:** Raffingers LLP  
19-20 Bourne Court  
Southend Road  
Woodford Green  
Essex  
IG8 8HD

**STRATEGIC REPORT**  
**for the year ended 31 May 2020**

The director presents his strategic report for the year ended 31 May 2020.

**REVIEW OF BUSINESS**

Turnover reduced this year from £12.5m to £12.1m and the gross margin improved to 32.84% (2019: 27.44%). The company's profit before tax for the year was £1.613m (2019 - £1.383m).

The state of affairs at the balance sheet date is considered to be satisfactory with the company's net assets of £5.07m (2019:£3.84m).

A review of the company's activities is given below:-

Sideline Design Limited, based in Brentwood, Essex, supplies motor vehicle parts and accessories to both trade customers and private customers, specialising in the Porsche motor vehicle industry. In addition, Sideline Design specialise in purchasing and selling Porsche classic cars to both UK and overseas customers.

The key financial performance indicators for the company is as follows:-

	<b>2020</b>	<b>2019</b>	<b>Measure</b>
<b>Gross Profit Margin</b>	<b>32.84%</b>	<b>27.44%</b>	<b>Gross Profit/Turnover</b>
<b>Debtors days</b>	<b>8 days</b>	<b>6 days</b>	<b>Trade Debtors/Turnover</b>
<b>Creditor days</b>	<b>32 days</b>	<b>34 days</b>	<b>Trade Creditors/Cost of Sales</b>

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company faces the usual business risks of competition within its sector and pressure on prices. These risks are mitigated by the director continuously driving the business forward into new product areas and niche markets where prices can be maintained at profitable levels.

The principal risks and uncertainties affecting the company include:

- Retention of customers - the company maintains strong relationships with each of its key customers and has established procedures for monitoring performance and service levels. The company has a focus on repeat orders from private customers by providing a consistent high level of customer services.
- Competition risk - the company's expertise and efficiency in its marketplace and its diversity of operations helps to mitigate the possible effect of action by any one single competitor.
- Price risk - the company is exposed to price risk due to normal inflationary increases in the purchase price of goods and services purchased in the both the UK, EU and Rest of the World. The company has no exposure to equity securities price risk as it holds no listed or other equity investment.
- Liquidity risk - the company actively maintains short-term debt finance that is designed to ensure that the company has sufficient available funds for operations and planned expansions.
- Interest rate risk - the company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at fixed rate. The company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The director will revisit the appropriateness of this policy if the operations of the company change in size or nature.

The director believes that the company has adequate resources in place to meet its forecast trading requirements and all risks and uncertainties are managed appropriately.

**FUTURE DEVELOPMENTS**

Despite tough trading conditions and the implementation of Brexit by the Government, the company continues to seek to develop and expand its product range within its own research and development capabilities as and when appropriate opportunities arise both in the UK and worldwide. As the company expands, further market opportunities develop and the director is confident of sustainable future growth in their motor vehicle sector.

**STRATEGIC REPORT**  
**for the year ended 31 May 2020**

**EMPLOYEES**

The company operates an equal opportunities policy. The aim of this policy is to ensure that there should be equal opportunity for all and this applies to external recruitment, internal appointments, terms of employment, conditions of service and opportunity for training and promotion regardless of gender, ethnic origin or disability.

Disabled persons are given full and fair consideration for all types of vacancy in as much as the opportunities available are constrained by the practical limitations of the disability. Should, for whatever reason, an employee of the company become disabled whilst in our employment, every step, where appropriate, will be taken to assist with rehabilitation and suitable re-training.

The company maintains its own health, safety and environmental policies covering all aspect of its operations. Regular meetings and inspections take place to ensure all legal requirements are adhered to and that the company is responsive to the needs of the employees and the environment.

**FINANCIAL INSTRUMENTS**

The company has banking facilities in place with Barclays Bank and operates within its facility limits as well as from its own cash reserves. The company has not entered into any hedging arrangements as the director perceives the exchange rate risk to the business to be low.

**STRATEGIC REPORT**  
**for the year ended 31 May 2020**

**COVID-19**

Whilst there is little doubt that these are worrying and uncertain times, Sideline Design Ltd is probably in a more secure position than many.

The nature of our business is to provide independent Porsche owners with specialised Porsche parts/accessories along with supplying trade customers. In addition, Sideline Design also provide sales of second-hand classic Porsche vehicles (on demand) to both UK and overseas customers. Some products are bespoke which are specifically and uniquely supplied to meet our customers' requirements.

Given the above, our focus is to ensure repeat custom by providing best in class customer service and being competitive on our prices, seasonal discounts for both new and returning customers are offered via the company's website.

We are also fortunate that our customers pay in advance for orders which means that no orders are dispatched from the warehouse without receipt of funds. Sales are captured on departure of goods, not at the time of cash received. This means that much of our 'stock' has been or will be paid for under the terms of these Contracts, this process remains operational.

Equally, we are still able to progress design activities for future Projects, which are not yet in production. This will provide continuity of work beyond the next twelve months.

Sideline Design Ltd consists of a Management Team of 3 members of staff, including the Director, with a total average of 37 for the year. Currently, there has been no drop-off in the requirements for them, and all remain fully and productively employed on full pay.

Obviously, the above situation is under continual review and provisions have been put in place to 'furlough' employees (with their agreement) as and when this may become necessary.

The requirement for many various types of motor vehicle parts/accessories have been in very high demand during the COVID-19 period. Sideline Design Ltd have not seen a reduction in turnover during this period and continues to have positive results in GP. This, we are sure, will be reflected in long term demand and a very secure market position.

**ON BEHALF OF THE BOARD:**

Mr K K Chopra - Director

22 March 2021

**REPORT OF THE DIRECTOR**  
**for the year ended 31 May 2020**

The director presents his report with the financial statements of the company for the year ended 31 May 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of sale of motor vehicles, motor vehicle parts and accessories.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 May 2020 amounted to £92,000 (2019: £58,000).

**DIRECTOR**

Mr K K Chopra held office during the whole of the period from 1 June 2019 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

Mr K K Chopra - Director

22 March 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SIDELINE DESIGN LIMITED**

**Opinion**

We have audited the financial statements of Sideline Design Limited (the 'company') for the year ended 31 May 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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.

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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the previous accounting period, the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore, the prior period financial statements were not subject to audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SIDELINE DESIGN 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 Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Mr Lee Manning FCCA (Senior Statutory Auditor)  
for and on behalf of Raffingers LLP  
19-20 Bourne Court  
Southend Road  
Woodford Green  
Essex  
IG8 8HD

29 March 2021

**INCOME STATEMENT**  
**for the year ended 31 May 2020**

	Notes	2020 £	2019 £
<b>TURNOVER</b>	4	12,095,348	12,503,032
Cost of sales		<u>(8,123,618)</u>	<u>(9,072,007)</u>
<b>GROSS PROFIT</b>		3,971,730	3,431,025
Administrative expenses		<u>(2,392,741)</u>	<u>(2,036,871)</u>
		1,578,989	1,394,154
Other operating income		<u>8,422</u>	<u>11,641</u>
<b>OPERATING PROFIT</b>	6	1,587,411	1,405,795
Interest receivable and similar income	8	45,277	-
		<u>1,632,688</u>	<u>1,405,795</u>
Interest payable and similar expenses	9	(19,613)	(23,168)
<b>PROFIT BEFORE TAXATION</b>		<u>1,613,075</u>	<u>1,382,627</u>
Tax on profit	10	<u>(301,349)</u>	<u>(272,500)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>1,311,726</u></u>	<u><u>1,110,127</u></u>

**OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 May 2020**

Notes	2020 £	2019 £
<b>PROFIT FOR THE YEAR</b>	1,311,726	1,110,127
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>1,311,726</u>	<u>1,110,127</u>

**BALANCE SHEET****31 May**  
**2020**

	Notes	2020		2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	12		16,770		21,400
Tangible assets	13		451,127		239,225
Investments	14		-		-
			<u>467,897</u>		<u>260,625</u>
<b>CURRENT ASSETS</b>					
Stocks	15	3,089,583		2,500,000	
Debtors	16	3,083,726		2,446,448	
Cash at bank and in hand		<u>1,142,164</u>		<u>870,511</u>	
		7,315,473		5,816,959	
<b>CREDITORS</b>					
Amounts falling due within one year	17	<u>2,225,624</u>		<u>1,707,713</u>	
<b>NET CURRENT ASSETS</b>			<u>5,089,849</u>		<u>4,109,246</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,557,746		4,369,871
<b>CREDITORS</b>					
Amounts falling due after more than one year	18		(450,232)		(523,877)
<b>PROVISIONS FOR LIABILITIES</b>	22		(41,794)		-
<b>NET ASSETS</b>			<u>5,065,720</u>		<u>3,845,994</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		30		30
Retained earnings	24		<u>5,065,690</u>		<u>3,845,964</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>5,065,720</u>		<u>3,845,994</u>

The financial statements were approved by the director and authorised for issue on 22 March 2021 and were signed by:

Mr K K Chopra - Director

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 May 2020**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 June 2018</b>	30	2,793,837	2,793,867
<b>Changes in equity</b>			
Dividends	-	(58,000)	(58,000)
Total comprehensive income	-	1,110,127	1,110,127
<b>Balance at 31 May 2019</b>	<u>30</u>	<u>3,845,964</u>	<u>3,845,994</u>
<b>Changes in equity</b>			
Dividends	-	(92,000)	(92,000)
Total comprehensive income	-	1,311,726	1,311,726
<b>Balance at 31 May 2020</b>	<u>30</u>	<u>5,065,690</u>	<u>5,065,720</u>

**CASH FLOW STATEMENT  
for the year ended 31 May 2020**

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,016,260	445,018
Interest paid		(19,613)	(23,168)
Tax paid		(189,753)	(190,332)
Net cash from operating activities		<u>806,894</u>	<u>231,518</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(295,081)	(43,306)
Purchase of fixed asset investments		(20,000)	-
Sale of tangible fixed assets		13,333	-
Interest received		45,277	-
Net cash from investing activities		<u>(256,471)</u>	<u>(43,306)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(84,278)	(80,367)
Amount introduced by directors		5,000	-
Amount withdrawn by directors		(124,193)	(34,877)
Government grant		1,273	-
Equity dividends paid		(92,000)	(58,000)
Net cash from financing activities		<u>(294,198)</u>	<u>(173,244)</u>
<b>Increase in cash and cash equivalents</b>		<u>256,225</u>	<u>14,968</u>
<b>Cash and cash equivalents at beginning of year</b>	2	870,405	855,437
<b>Cash and cash equivalents at end of year</b>	2	<u>1,126,630</u>	<u>870,405</u>

**NOTES TO THE CASH FLOW STATEMENT**  
**for the year ended 31 May 2020**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2020	2019
	£	£
Profit before taxation	1,613,075	1,382,627
Depreciation charges	83,604	81,890
Profit on disposal of fixed assets	(9,128)	-
Fixed asset investment impaired	20,000	-
Government grants	(1,273)	-
Finance costs	19,613	23,168
Finance income	(45,277)	-
	<u>1,680,614</u>	<u>1,487,685</u>
(Increase)/decrease in stocks	(589,583)	250,978
Increase in trade and other debtors	(547,301)	(1,603,856)
Increase in trade and other creditors	472,530	310,211
<b>Cash generated from operations</b>	<u><u>1,016,260</u></u>	<u><u>445,018</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 May 2020**

	31.5.20	1.6.19
	£	£
Cash and cash equivalents	1,142,164	870,511
Bank overdrafts	(15,534)	(106)
	<u><u>1,126,630</u></u>	<u><u>870,405</u></u>

**Year ended 31 May 2019**

	31.5.19	1.6.18
	£	£
Cash and cash equivalents	870,511	855,437
Bank overdrafts	(106)	-
	<u><u>870,405</u></u>	<u><u>855,437</u></u>

**NOTES TO THE CASH FLOW STATEMENT**  
**for the year ended 31 May 2020**

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.6.19 £	Cash flow £	At 31.5.20 £
<b>Net cash</b>			
Cash at bank and in hand	870,511	271,653	1,142,164
Bank overdrafts	(106)	(15,428)	(15,534)
	<u>870,405</u>	<u>256,225</u>	<u>1,126,630</u>
<b>Debt</b>			
Debts falling due within 1 year	(105,393)	10,633	(94,760)
Debts falling due after 1 year	(523,877)	73,645	(450,232)
	<u>(629,270)</u>	<u>84,278</u>	<u>(544,992)</u>
<b>Total</b>	<u>241,135</u>	<u>340,503</u>	<u>581,638</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 May 2020**

**1. STATUTORY INFORMATION**

Sideline Design Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**Going concern**

The director has also considered the effects of Covid-19 on its operations for the foreseeable future. After making appropriate enquiries and assessing the support available, the director has formed a judgement that the entity will have sufficient resources available to neutralise the effect of the pandemic.

**Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisitions of business assets purchased in 2004 and 2011, and is being amortised evenly over its estimated useful life of 10 years.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 May 2020**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The company assesses at each reporting date whether tangible fixed assets are fully impaired.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

**Government grants**

Government grants, including non-monetary grants shall not be recognised until there is reasonable assurance that:

- (a) the entity will comply with the conditions attaching to them; and
- (b) the grants will be received

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell (net realisable value). Costs, which comprise direct production costs, are based on the method most appropriate to the type of inventory class. Overheads are charged to profit or loss as incurred. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of stocks recognised as an expense in the period in which the reversal occurs.

**Financial instruments**

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans, 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 receipts discounted at a market rate of interest.

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

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 May 2020**

2. **ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

**Fixed asset investments**

Fixed asset investments are stated at cost less provision for diminution in value.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these judgments and estimates have been made include:

- assessing the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge, and
- the provision required for any bad or doubtful debts, and
- the provision required for closing stock.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 May 2020****4. TURNOVER**

An analysis of turnover by class of business is given below:

		<b>2020</b>	2019
	£		
Parts	£	11,144,761	11,218,768
Classic cars		<u>950,587</u>	<u>1,284,264</u>
		<u>12,095,348</u>	<u>12,503,032</u>

An analysis of turnover by geographical market is given below:

		<b>2020</b>	2019
	£		
United Kingdom	£	6,270,240	5,853,823
Rest of European Union		2,075,541	2,254,091
Rest of the World		<u>3,749,567</u>	<u>4,395,118</u>
		<u>12,095,348</u>	<u>12,503,032</u>

**5. EMPLOYEES AND DIRECTORS**

		2020	2019
	£		
Wages and salaries		834,003	750,340
Social security costs		64,378	62,396
Other pension costs		<u>84,883</u>	<u>79,673</u>
		<u>983,264</u>	<u>892,409</u>

The average number of employees during the year was as follows:

	2020	2019
Administrations and management staff	14	12
Operations	11	11
Sales	9	5
Bodyshop	<u>3</u>	<u>5</u>
	<u>37</u>	<u>33</u>

	2020	2019
	£	£
Director's remuneration	14,400	14,400
Director's pension contributions to money purchase schemes	<u>35,054</u>	<u>35,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 May 2020****6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation - owned assets	78,974	79,740
Profit on disposal of fixed assets	(9,128)	-
Goodwill amortisation	4,630	2,150
Auditors' remuneration	25,000	-
Operating lease	171,657	186,344
Government grants	(1,273)	-
Impairment of fixed asset investment	<u>20,000</u>	<u>-</u>

**7. EXCEPTIONAL ITEMS**

During the year, the company invested £20,000 (2019 - £nil) into IG trading for crude oil, but due to the market, the investment lost it's entire value so was fully impaired.

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019
	£	£
Loan interest receivable	<u>45,277</u>	<u>-</u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Bank loan interest	19,366	23,168
Interest on overdue tax paid	247	-
	<u>19,613</u>	<u>23,168</u>

**10. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	307,420	272,500
Over provision of tax	(47,865)	-
Total current tax	<u>259,555</u>	<u>272,500</u>
Deferred tax:		
Origination and reversal of timing differences	41,794	-
Tax on profit	<u>301,349</u>	<u>272,500</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 May 2020****10. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.  
The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>1,613,075</u>	<u>1,382,627</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	306,484	262,699
Effects of:		
Income not taxable for tax purposes	2,066	-
Capital allowances in excess of depreciation	(1,130)	-
Depreciation in excess of capital allowances	-	9,801
Adjustments to tax charge in respect of previous periods	(47,865)	-
Origination and reversal of timing differences	<u>41,794</u>	-
Total tax charge	<u>301,349</u>	<u>272,500</u>

**11. DIVIDENDS**

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	20,000	-
Ordinary B shares of £1 each		
Interim	<u>72,000</u>	<u>58,000</u>
	<u>92,000</u>	<u>58,000</u>

**12. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 June 2019 and 31 May 2020	<u>43,000</u>
<b>AMORTISATION</b>	
At 1 June 2019	21,600
Amortisation for year	<u>4,630</u>
At 31 May 2020	<u>26,230</u>
<b>NET BOOK VALUE</b>	
At 31 May 2020	<u>16,770</u>
At 31 May 2019	<u>21,400</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 May 2020**

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 June 2019	-	56,583	426,958
Additions	83,769	-	64,010
Disposals	-	-	-
At 31 May 2020	<u>83,769</u>	<u>56,583</u>	<u>490,968</u>
<b>DEPRECIATION</b>			
At 1 June 2019	-	38,887	337,407
Charge for year	140	4,424	38,391
Eliminated on disposal	-	-	-
At 31 May 2020	<u>140</u>	<u>43,311</u>	<u>375,798</u>
<b>NET BOOK VALUE</b>			
At 31 May 2020	<u>83,629</u>	<u>13,272</u>	<u>115,170</u>
At 31 May 2019	<u>-</u>	<u>17,696</u>	<u>89,551</u>
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 June 2019	214,553	92,658	790,752
Additions	136,500	10,802	295,081
Disposals	(31,501)	-	(31,501)
At 31 May 2020	<u>319,552</u>	<u>103,460</u>	<u>1,054,332</u>
<b>DEPRECIATION</b>			
At 1 June 2019	106,954	68,279	551,527
Charge for year	27,224	8,795	78,974
Eliminated on disposal	(27,296)	-	(27,296)
At 31 May 2020	<u>106,882</u>	<u>77,074</u>	<u>603,205</u>
<b>NET BOOK VALUE</b>			
At 31 May 2020	<u>212,670</u>	<u>26,386</u>	<u>451,127</u>
At 31 May 2019	<u>107,599</u>	<u>24,379</u>	<u>239,225</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 May 2020****14. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>COST</b>	
Additions	20,000
Impairments	<u>(20,000)</u>
At 31 May 2020	-
<b>NET BOOK VALUE</b>	
At 31 May 2020	<u>-</u>

**15. STOCKS**

An analysis of stock by class of business is given below:

	2020	2019
	£	£
Parts	2,048,469	1,910,733
Classic cars	<u>1,041,114</u>	<u>589,267</u>
	<u>3,089,583</u>	<u>2,500,000</u>

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	256,775	219,542
Other debtors	23,694	23,694
Loans	2,652,646	2,107,026
Directors' current accounts	89,977	-
VAT	-	28,218
Prepayments	<u>60,634</u>	<u>67,968</u>
	<u>3,083,726</u>	<u>2,446,448</u>

Included within loans, is a loan to TN (UK) Consultancy Ltd for £2.45m (2019 - £1.29m). This loan is repayable on demand.

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Bank loans and overdrafts (see note 19)	110,294	105,499
Trade creditors	714,923	832,641
Tax	342,302	272,500
Social security and other taxes	33,449	16,607
VAT	124,000	-
Other creditors	808,772	404,250
Directors' current accounts	-	29,216
Accrued expenses	<u>91,884</u>	<u>47,000</u>
	<u>2,225,624</u>	<u>1,707,713</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 May 2020****18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Bank loans (see note 19)	<u>450,232</u>	<u>523,877</u>

**19. LOANS**

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	15,534	106
Bank loans	<u>94,760</u>	<u>105,393</u>
	<u>110,294</u>	<u>105,499</u>
Amounts falling due between one and two years:		
Bank loans	<u>94,760</u>	<u>105,393</u>
Amounts falling due between two and five years:		
Bank loans	<u>284,280</u>	<u>316,179</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>71,192</u>	<u>102,305</u>

**20. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	81,000	72,000
Between one and five years	<u>360,000</u>	<u>27,000</u>
	<u>441,000</u>	<u>99,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 May 2020****21. SECURED DEBTS**

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	<u>544,992</u>	<u>629,270</u>

The bank loans was secured by way of a fixed charge over all the company assets.

**Security**

Cross guarantee and debenture between Chopra Commercial Ltd dated 24/09/2014.

Limited guarantee given by Mr K K Chopra for GBP 291,000 dated 09/10/2012.

Limited guarantee given by Mr K K Chopra for GBP 374,000 dated 20/04/2015.

Charge over credit balance dated 17/07/2013.

**Bonds, guarantees, indemnities or other undertakings given by the Bank on customer's behalf**

BGI 55033404 in favour of HM Revenue and Customs for GBP 18,000.

**22. PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax	<u>41,794</u>	<u>-</u>
		Deferred tax
		£
Provided during year		<u>41,794</u>
Balance at 31 May 2020		<u>41,794</u>

**23. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
28	Ordinary	£1	28	28
2	Ordinary B	£1	<u>2</u>	<u>2</u>
			<u>30</u>	<u>30</u>

**24. RESERVES**

	Retained earnings
	£
At 1 June 2019	3,845,964
Profit for the year	1,311,726
Dividends	<u>(92,000)</u>
At 31 May 2020	<u>5,065,690</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 May 2020**

**25. PENSION COMMITMENTS**

The company operates a fully insured defined contribution pension scheme for certain members of staff and the pension charge represents the amounts paid by the company to the fund during the year. Payments during the year amounted to £84,883 (2019: £79,673). These contributions are invested separately from the company's assets.

**26. CONTINGENT LIABILITIES**

There were no contingent liabilities at either the beginning or end of the financial year.

**27. CAPITAL COMMITMENTS**

As at 31 May 2020 the company had no capital commitments which had been contracted for but not provided in the financial statements.

**28. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 May 2020 and 31 May 2019:

	2020 £	2019 £
<b>Mr K K Chopra</b>		
Balance outstanding at start of year	(29,216)	(64,093)
Amounts advanced	119,193	34,877
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>89,977</u>	<u>(29,216)</u>

**29. RELATED PARTY DISCLOSURES**

During the year, the company paid rent to Mr K K Chopra, the director, for its occupation of commercial premises owned by him and to Chopra Commercial Ltd. At the balance sheet date, Chopra Commercial Ltd was owed £186,500 (2019 - £130,000) by the company.

**30. AUDITOR LIABILITY LIMITATION AGREEMENT**

The company has entered into a liability limitation agreement with Raffingers, the statutory auditor, in respect of the statutory audit for the period ended 31 May 2020. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the directors on 09 October 2020.

**31. ULTIMATE CONTROLLING PARTY**

Mr K K Chopra and Mrs H G Chopra control the company by virtue of holding 94% of the issued share capital and voting rights.

**32. SUBSEQUENT EVENTS**

Subsequent to the year end, financial markets experienced substantial falls associated with uncertainties linked to the COVID-19 virus epidemic. This is considered a non-adjusting event in the territories that the company is exposed to. The Director has considered the impact on the company's net asset value and the current market conditions could have some impact in relation to the valuation of the investments should there be a prolonged disruption. The director continues to be vigilant and focussed, however the exact economic impact and the effect on the financial statements will take some time to be quantified as the situation evolves over the next few months. This impact is currently being monitored and assessed by the director.