

ANNUAL REPORT AND FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

MOSS EUROPE LIMITED

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# MOSS EUROPE LIMITED

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## COMPANY INFORMATION

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Directors	G D Adams R A Goldman N C Lavender A J Chaporlin W Houchin E Moss (appointed 15 March 2021)
Company secretary	N C Lavender
Registered number	3931782
Registered office	16 Hampton Business Park Bolney Way Feltham Middlesex TW13 6DB
Independent auditor	Menzies LLP Chartered Accountants & Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9LT
Bankers	Barclays Bank PLC 8 George Street Richmond Surrey TW9 1JL
Solicitors	Howard Kennedy No. 1 London Bridge London SE1 9BG

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# MOSS EUROPE LIMITED

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# MOSS EUROPE LIMITED

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## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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### Principal activities and strategic report

The principal activity of the company continued to be that of distribution and manufacture of parts and accessories for classic and sports cars. The company operates a branch in Paris, France in addition to its other activities.

### Business review and key financial performance indicators

Turnover fell in 2021 decreasing by 17.9% from the previous year. Primary factors in this decline were the loss of some European business due to Brexit and the ongoing effects of the Covid 19 pandemic.

In addition to Turnover and gross profit, the key financial ratios used by management are:

	2021	2020
	£	£
Margin of safety	-42.67%	19.54%
Return on assets	-32.35%	16.98%
Current ratio	4.13	7.45
Debtor days	13.33	15.34
Stock turns	1.79	1.88

The Company made a loss in 2021, primarily due to the drop in European turnover.

Debtor days remain at an exceptional level due to a favourable debtor collection position.

The Company continues to have a strong cash and balance sheet position with the Company's net asset position being £6.4m at the balance sheet date. The Directors expect this to further improve during the next period with a forecasted recovery in turnover and profitability.

### Environmental and Health and Safety

We continue to monitor activities which could lead to an environmental impact. We have had a Health and Safety Policy in place for a number of years. Our Health and Safety Officer liaises with site based safety representatives and organises health, safety and risk assessment courses as appropriate. We use external experts as and when required.

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# MOSS EUROPE LIMITED

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## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### **Risks facing the business**

The company has a location based management structure supported by a head office function as we believe that this is the most appropriate way to manage day to day business activities and risks. Each of the sites are managed by a site manager and local support team.

The head office function is responsible for managing corporate risk. We have service risk management processes that are reviewed on a regular basis and, where applicable, staff are properly trained and qualified to work in regulated areas in accordance with guidelines.

The chief market risk we face is our ability to grow profitable sales in a niche market and we are continually looking for new niche areas to explore within our current area of expertise.

The company will continue to review its business to ensure the best use is made of its assets and this will include customer service enhancement.

### **Financial Instruments**

The principal financial instruments of the company comprise bank balances, trade debtors, and trade creditors. The main purpose is to raise funds for the company's operations.

### **Credit risk**

The company's maximum exposure to credit risk in relation to financial assets is represented by bank balances and cash, trade and other receivables. The company's risk is primarily attributable to its trade receivables and the amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recovery of the asset. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss.

### **Liquidity risk and cash flow risk**

The company's policy on liquidity risk is to ensure that significant cash is available to fund on-going operations. The company manages its cash flow risk by reviewing cash flow forecasts on a monthly basis and regularly reviewing required capital facilities to identify if external facilities are required. The company has a revolving credit facility through their parent company which they can access to manage cash flow.

### **Foreign currency risk**

The company's principal foreign currency exposures arise from trade with overseas companies. The company manages its exposure to foreign currency risk by using foreign currency accounts.

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# MOSS EUROPE LIMITED

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## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Other risk areas

Moss Europe continues to actively take all measures possible to limit the disruptive impact of Covid-19. The directors believe that we have sufficient resources and support in place for the consequences of Covid-19 not to impact on the going concern status of the company. We continue to monitor the situation on a daily basis following guidelines supplied by the UK government and Public Health England.

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

**N C Lavender**  
Director

Date: 13 April 2022

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# MOSS EUROPE LIMITED

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## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their report and the financial statements for the year ended 31 December 2021.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

### **Directors**

The directors who served during the year were:

G D Adams  
R A Goldman  
N C Lavender  
A J Chaperlin  
W Houchin  
E Moss (appointed 15 March 2021)

### **Dividends**

The directors do not recommend the payment of a dividend.

### **Future developments**

Moss Europe Limited is always seeking potential acquisition opportunities in order to expand the business and improve efficiencies.

### **Disclosure of information in the strategic report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the Strategic Report preceding the Directors' Report includes information that would have formerly been included in the business review and principle risks and uncertainties of the Directors' Report.

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# MOSS EUROPE LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

The auditor, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

**N C Lavender**

Director

Date: 13 April 2022



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOSS EUROPE LIMITED**

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**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOSS EUROPE LIMITED  
(CONTINUED)**

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

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

- the information given in the 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 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 Directors' Responsibilities Statement 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOSS EUROPE LIMITED  
(CONTINUED)**

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**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.

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:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK employment legislation;
- General Data Protection Regulations;
- UK tax legislation;
- French trade code;
- French tax code; and
- French labour code.

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We understood how the Company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. She did not identify any issues in this area.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted outside of the normal working patterns of the accounts team, or with unusual descriptions or account combinations.

As a result of the above 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:

- The application of inappropriate judgements or estimation to manipulate the financial position in the calculation of the year end stock provisions;
- The posting of unusual journals and complex transactions; or
- The use of management override of controls to manipulate results.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOSS EUROPE LIMITED  
(CONTINUED)**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of our report**

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

Sarah Hallam FCCA (Senior Statutory Auditor)

for and on behalf of

**Menzies LLP**

Chartered Accountants & Statutory Auditor

Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

13 April 2022

# MOSS EUROPE LIMITED

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

	Note	2021 £	2020 £
Turnover	3	15,811,137	19,256,381
Cost of sales		(10,997,412)	(12,140,751)
<b>Gross profit</b>		<b>4,813,725</b>	<b>7,115,630</b>
Administrative expenses		(6,763,130)	(6,736,138)
Exceptional administrative expenses	11	(105,108)	584,291
Other operating income	4	426	426,412
<b>Operating (loss)/profit</b>	5	<b>(2,054,087)</b>	<b>1,390,195</b>
Interest receivable and similar income		-	167
Interest payable and similar expenses	9	(4,108)	(3,239)
<b>(Loss)/profit before tax</b>		<b>(2,058,195)</b>	<b>1,387,123</b>
Tax on (loss)/profit	10	222,616	(244,439)
<b>(Loss)/profit after tax</b>		<b>(1,835,579)</b>	<b>1,142,684</b>
Retained earnings at the beginning of the year		6,185,818	5,043,134
		6,185,818	5,043,134
(Loss)/profit for the year		(1,835,579)	1,142,684
<b>Retained earnings at the end of the year</b>		<b>4,350,239</b>	<b>6,185,818</b>

The notes on pages 14 to 25 form part of these financial statements.

**MOSS EUROPE LIMITED**  
**REGISTERED NUMBER:3931782**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	12	467,395	360,887
Tangible assets	13	514,578	582,836
		<u>981,973</u>	<u>943,723</u>
<b>Current assets</b>			
Stocks	14	5,358,041	5,804,674
Debtors: amounts falling due within one year	15	1,551,645	1,189,428
Cash at bank and in hand	16	564,311	1,706,334
		<u>7,473,997</u>	<u>8,700,436</u>
Creditors: amounts falling due within one year	17	(1,809,856)	(1,167,068)
<b>Net current assets</b>		<u>5,664,141</u>	<u>7,533,368</u>
<b>Total assets less current liabilities</b>		<u>6,646,114</u>	<u>8,477,091</u>
<b>Provisions for liabilities</b>			
Other provisions	19	(295,875)	(291,273)
		<u>(295,875)</u>	<u>(291,273)</u>
<b>Net assets</b>		<u><u>6,350,239</u></u>	<u><u>8,185,818</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	2,000,000	2,000,000
Profit and loss account		4,350,239	6,185,818
		<u><u>6,350,239</u></u>	<u><u>8,185,818</u></u>

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

**E Moss**  
Director

**N C Lavender**  
Director

Date: 13 April 2022

The notes on pages 14 to 25 form part of these financial statements.

# MOSS EUROPE LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(1,835,579)	1,142,684
<b>Adjustments for:</b>		
Amortisation of intangible assets	116,706	65,946
Depreciation of tangible assets	190,010	185,247
Loss on disposal of tangible assets	(3,496)	(632,824)
Government grants	-	48,164
Taxation charge	(222,616)	244,439
Decrease in stocks	446,633	745,402
(Increase)/decrease in debtors	(125,662)	196,376
Increase/(decrease) in creditors	137,404	(105,371)
(Decrease) in amounts owed to groups	(54,616)	(45,971)
Increase in provisions	4,602	4,530
Corporation tax (paid)/received	(203,939)	86,789
<b>Net cash generated from operating activities</b>	<b>(1,550,553)</b>	<b>1,935,411</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(223,214)	(260,227)
Purchase of tangible fixed assets	(121,752)	(167,503)
Sale of tangible fixed assets	3,496	736,460
<b>Net cash from investing activities</b>	<b>(341,470)</b>	<b>308,730</b>
<b>Financing activities</b>		
New secured loans	3,350,000	-
Repayment of loans	(2,600,000)	(750,000)
<b>Net cash used in financing activities</b>	<b>750,000</b>	<b>(750,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,142,023)</b>	<b>1,494,141</b>
Cash and cash equivalents at beginning of year	1,706,334	212,193
<b>Cash and cash equivalents at the end of year</b>	<b>564,311</b>	<b>1,706,334</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	564,311	1,706,334
	<b>564,311</b>	<b>1,706,334</b>

The notes on pages 14 to 25 form part of these financial statements.



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# MOSS EUROPE LIMITED

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## ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2021

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	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	1,706,334	(1,142,023)	564,311
Debt due within 1 year	(750,000)	-	(750,000)
	<u>956,334</u>	<u>(1,142,023)</u>	<u>(185,689)</u>

The notes on pages 14 to 25 form part of these financial statements.

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# MOSS EUROPE LIMITED

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

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### 1. General Information

Moss Europe Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office and the company's registered number is given on the company information page. The principal activity of the company and the nature of its operations are set out in the strategic report on page 1.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements are prepared in sterling, which is the functional currency of the entity.

#### 2.2 Going concern

The directors have a reasonable expectation that the company has enough resources to continue in operational existence for the foreseeable future. The directors have prepared projections which indicate ongoing improvement in the financial performance of the business.

#### 2.3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Significant judgements

The directors do not consider there to be any significant judgements (apart from those involving estimations) used in the process of applying the entity's accounting policies.

##### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### *Impairment of Inventories*

The management include impairment provisions based on the age of the individual lines of inventory and whether there have sales in the year. Where there have been a low number of sales of an inventory line during the year, the items are written down by between 50% and 100%, depending on management's estimate of future sales. Where they have been no sales in the current year and management consider that there will be no future sales, the item is fully written off.

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# MOSS EUROPE LIMITED

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

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### 2. Accounting policies (continued)

#### 2.4 Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

#### 2.5 Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### 2.6 Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying a monthly fixed exchange rate in the month in which the transaction occurred, the fixed rate is based on the average exchange rate at the time. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### 2.7 Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### 2.8 Intangible assets

Expenditure incurred to register trademarks is capitalised and held as an intangible asset where future income is expected to be received from the country of registration. All costs associated with maintaining and defending registered trademarks are written off as they are incurred.

Both trademarks and technology included in intangible assets are amortised over 5 years as this is deemed to be the estimated life of these assets.

Technology includes computer software which is now being amortised as it was in full use throughout the financial year.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

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# MOSS EUROPE LIMITED

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

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### 2. Accounting policies (continued)

#### 2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

##### Depreciation

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold buildings	-	50 years
Plant and machinery	-	between 3 and 5 years
Motor vehicles	-	4 years
Fixtures and fittings	-	between 3 and 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.11 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 statement of financial position and the amount of the provision as an expense.

The company recognises a provision in respect of dilapidation costs that will become payable at the end of property leases. These are a best estimate of the amount that will be required to settle the obligation at the reporting date and are 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.

#### 2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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# MOSS EUROPE LIMITED

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

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### 3. Turnover

	2021 £	2020 £
Sale of goods	15,811,137	19,256,381
	<u>15,811,137</u>	<u>19,256,381</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	6,004,510	14,786,772
Rest of Europe	5,157,462	2,484,093
Rest of the world	4,649,165	1,985,516
	<u>15,811,137</u>	<u>19,256,381</u>

### 4. Other operating income

	2021 £	2020 £
Other operating income	426	954
Government grants receivable	-	259,092
Insurance claims receivable	-	166,366
	<u>426</u>	<u>426,412</u>

### 5. Operating (loss)/profit

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

	2021 £	2020 £
Exchange differences	8,946	5,462
Other operating lease rentals	<u>673,765</u>	<u>591,938</u>

### 6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>23,750</u>	<u>22,750</u>

# MOSS EUROPE LIMITED

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

### 7. Particulars of Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	3,541,370	3,574,883
Social security costs	405,103	412,358
Cost of defined contribution scheme	132,074	150,238
	<u>4,078,547</u>	<u>4,137,479</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Management staff	16	16
Sales and marketing	30	32
Warehouse	42	42
Research and Development	12	12
Purchasing	5	5
Finance and I.T	6	6
	<u>111</u>	<u>113</u>

### 8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Directors' emoluments	299,037	295,409
Company contributions to defined contribution pension schemes	69,982	29,701
	<u>369,019</u>	<u>325,110</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £121,968 (2020 - £124,946).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £25,714 (2020 - £5,479).

The directors are considered to be the key management personnel.



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

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### 9. Interest payable

	2021 £	2020 £
Bank interest payable	4,108	3,239
	<u>4,108</u>	<u>3,239</u>

### 10. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	(222,616)	203,939
Adjustments in respect of previous periods	-	(1,806)
	<u>(222,616)</u>	<u>202,133</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	-	49,135
	-	49,135
<b>Total current tax</b>	<u>(222,616)</u>	<u>251,268</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(6,829)
<b>Total deferred tax</b>	<u>-</u>	<u>(6,829)</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(222,616)</u>	<u>244,439</u>



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# MOSS EUROPE LIMITED

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

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### 10. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(2,058,195)</u>	<u>1,387,123</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(391,057)	263,553
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,150	8,136
Fixed asset differences	7,098	-
Adjustments to tax charge in respect of prior periods	-	(1,806)
Double taxation relief	(6,159)	(35,274)
Tax losses for which no timing difference recognised	91,901	-
Restrictions on loss carry back	67,573	-
Foreign tax paid	6,159	49,135
Other differences leading to an increase (decrease) in the tax charge	719	(39,305)
<b>Total tax charge for the year</b>	<u><u>(222,616)</u></u>	<u><u>244,439</u></u>

#### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 on 10 June 2021.

These include increment of the rate of corporation tax to 25 percent from 19 percent from April 2023.

# MOSS EUROPE LIMITED

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

### 11. Exceptional items

	2021 £	2020 £
Profit on sale of property	-	(632,455)
Software write off	-	48,164
Redundancy Costs	105,108	-
	<u>105,108</u>	<u>(584,291)</u>

The above software costs written off relates to a version of software which will no longer be used and for which costs had previously been capitalised.

The above profit on sale of property relates to the sale of one of the branch buildings.

During the year redundancies were made across departments.

### 12. Intangible assets

	Patents £	Technology £	Total £
<b>Cost</b>			
At 1 January 2021	41,625	648,834	690,459
Additions	-	223,214	223,214
At 31 December 2021	<u>41,625</u>	<u>872,048</u>	<u>913,673</u>
<b>Amortisation</b>			
At 1 January 2021	41,625	287,947	329,572
Charge for the year on owned assets	-	116,706	116,706
At 31 December 2021	<u>41,625</u>	<u>404,653</u>	<u>446,278</u>
<b>Net book value</b>			
At 31 December 2021	<u>-</u>	<u>467,395</u>	<u>467,395</u>
<i>At 31 December 2020</i>	<u>-</u>	<u>360,887</u>	<u>360,887</u>

# MOSS EUROPE LIMITED

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

### 13. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	199,805	175,605	131,434	1,510,287	2,017,131
Additions	-	-	19,092	102,660	121,752
Disposals	(99,453)	-	(11,250)	-	(110,703)
At 31 December 2021	100,352	175,605	139,276	1,612,947	2,028,180
<b>Depreciation</b>					
At 1 January 2021	129,310	157,142	72,208	1,075,635	1,434,295
Charge for the year on owned assets	3,003	9,701	24,537	152,769	190,010
Disposals	(99,453)	-	(11,250)	-	(110,703)
At 31 December 2021	32,860	166,843	85,495	1,228,404	1,513,602
<b>Net book value</b>					
At 31 December 2021	67,492	8,762	53,781	384,543	514,578
<b>At 31 December 2020</b>	70,495	18,463	59,226	434,652	582,836

### 14. Stocks

	2021 £	2020 £
Finished goods and goods for resale	5,358,041	5,804,674
	<u>5,358,041</u>	<u>5,804,674</u>

The carrying value of stocks are stated net of stock provisions totalling £795,589 (2020 - £656,466).

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# MOSS EUROPE LIMITED

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

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### 15. Debtors

	2021 £	2020 £
Trade debtors	577,321	803,411
Amounts owed by group undertakings	13,939	-
Other debtors	395,593	125,442
Prepayments and accrued income	330,664	249,063
Tax recoverable	222,616	-
Deferred taxation	11,512	11,512
	<u>1,551,645</u>	<u>1,189,428</u>

### 16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	564,311	1,706,334
	<u>564,311</u>	<u>1,706,334</u>

### 17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	750,000	-
Payments received on account	195,158	-
Trade creditors	392,445	451,259
Amounts owed to group undertakings	-	40,677
Corporation tax	-	203,939
Other taxation and social security	114,638	150,154
Other creditors	29,261	13,742
Accruals and deferred income	328,354	307,297
	<u>1,809,856</u>	<u>1,167,068</u>

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# MOSS EUROPE LIMITED

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

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### 18. Deferred taxation

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
At beginning of year	11,512	4,683
Utilised in year	-	6,829
<b>At end of year</b>	<b>11,512</b>	<b>11,512</b>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(45,721)	(45,721)
Dilapidations provision	55,342	55,342
Pension benefit obligations	1,891	1,891
	<b>11,512</b>	<b>11,512</b>

### 19. Provisions

	Dilapidations £
At 1 January 2021	291,273
Charged to profit or loss	4,602
<b>At 31 December 2021</b>	<b>295,875</b>

The dilapidations provision relates to property where the lease expires on 31 March 2026.

### 20. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
2,000,000 (2020 - 2,000,000) Ordinary shares of £1.00 each	<b>2,000,000</b>	<b>2,000,000</b>

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# MOSS EUROPE LIMITED

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

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### 21. Reserves

#### Profit and loss account

This reserve records retained earnings and accumulated losses.

### 22. Pension commitments

The company operates a defined contribution scheme for certain employees. The assets of this scheme are held separately from those of the company in an independent administered fund.

As at 31 December 2021 there were £28,842 of accrued pension contributions (2020: £13,742).

### 23. Commitments under operating leases

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

	2021 £	2020 £
Not later than 1 year	714,738	331,040
Later than 1 year and not later than 5 years	2,076,407	629,463
Later than 5 years	539	49,039
	<u>2,791,684</u>	<u>1,009,542</u>

### 24. Controlling party

The immediate parent company throughout the period was Moss Motors Limited a company incorporated in the USA. The ultimate parent company was Motorsport Products Group Inc, a company incorporated in the USA. The ultimate controlling party is Mr G D Adams by virtue of his shareholding in Motorsport Products Group Inc.

The smallest group in which the results of the company are consolidated is that headed by Moss Motors Limited, registered office 440 Rutherford Street, Goleta, CA 93117. The largest group in which the results of the company are consolidated is that headed by Motorsport Products Group Inc, registered office 440 Rutherford Street, Goleta, CA 93117.

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