

Company Registration No. 05551063 (England and Wales)

LIPSCOMB HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

LIPSCOMB HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr P W Barnes Mr M A L Barnes
Secretary	Mrs D A Barnes
Company number	05551063
Registered office	3-4 Bower Terrace Tonbridge Road Maidstone Kent ME16 8RY
Auditor	Dendy Neville Limited 3-4 Bower Terrace Tonbridge Road Maidstone Kent ME16 8RY
Business address	Performance House Forstal Road Aylesford Kent ME20 7XA

LIPSCOMB HOLDINGS LIMITED

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LIPSCOMB HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

Whilst Q1 of 2021 was hampered by the continued lockdown directives resulting from Covid-19 the company was able to enter the year having completed the relocation of its Ashford and Canterbury businesses during the summer of 2020.

For the first time the business was able to take advantage of these new facilities for the financial year buoyed by a pent up demand for used cars. New car and van supply remained a concern throughout the year and is expected to continue through the whole of 2022, however, margins improved in line with these constraints.

Despite these initial challenges the business increased turnover year on year by 24.1% with overall gross profit rising by 45%. This impressive performance resulted in a rise of operating profits to £2.69m, an increase of 184%. Savings were made with support from the government coronavirus job retention scheme grants and business rates savings which helped greatly to contain costs within the business. The directors are aware this was an exceptional performance as margins hardened with restricted vehicle supply which may not be repeated.

However, with major investments now made in the overall operation, the company is in a strong position to take advantage of the significant opportunities that lay ahead over the next 24 months as it is anticipated supply and stability return to the marketplace.

Principal risks and uncertainties

The principal risk to the group is the world shortage of raw materials following the pandemic and outbreak of war in Eastern Europe. For the motor industry a shortage of new cars and vans is a major factor and will result in less volume in 2022 but begin to ease by Q2 2023.

There is a move by manufacturers to an 'Agency Model' agreement which whilst bringing challenges will shape the future of new car trading and be balanced with savings to the retailer. Volvo have already announced their intention to move to an agency agreement in 2023 but have effectively introduced this model through their 'Care by Volvo' offering which has already begun to show benefits and savings within the business. The directors are confident that with increased volumes and new BEV models this strategy will strengthen the relationships in the future.

Following the merger of Fiat Chrysler Automobiles within the Stellantis umbrella the subsidiary company has already received comfort of their inclusion in future dealer agreements which will also include an 'Agency status' for some of the brand representation. This will become clearer moving towards 2023. However, the group are well positioned in terms of finances, management expertise and manufacturer partner relationships to cope with these exciting challenges.

Inflation is also a concern with increased operating costs not just from utilities but the reintroduction of full business rates in 2023. Staff and department costs are rising in the subsidiary, and the containment of costs will be a key measure for the directors to focus upon moving forward.

Future developments

The key priority for the subsidiary company operations is to retain the skills of its staff and continue to look for new opportunities to maintain high overhead absorption through its aftersales operations. At the same time, it wishes to continue with fostering good relationships with its manufacturer partners to take advantage of any further opportunities for the future.

The shift to on-line sales will progress and the focus will continue to be ensuring to focus on digital marketing with an emphasis on providing an exceptional customer experience at all touch points. This shift will continue to highlight the need for well informed and trained staff who are committed to the future of retailing. The increase in BEV vehicle sales will create opportunities for training and development of technicians which is an ongoing program.

The above coupled with anticipated agency agreements will help to shape the future retailing activities of the subsidiary company as a traditional car retailer.

LIPSCOMB HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The financial key performance indicators are considered to be gross profit, net profit and retained reserves, details of which are provided on pages 10 and 11.

Other performance indicators

The directors meet monthly to discuss financial and non financial items. Non financial items include staff turnover, productivity rates, vehicle order rates and manufacturer targets and performance bonuses.

Section 172 Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

During the financial year the directors have acted in a manner that they believe has the best interests of the company and its stakeholders as the main driving force behind all decisions taken. This includes the interests of its employees, customers, suppliers, business and manufacturer partners and the shareholders along with the wider community and the environment. The company's reputation is central to its core when making decisions as is acting fairly and in good faith to promote the long-term success of the business.

Employees

The group aims to be a responsible and fair employer treating all colleagues equally and with respect and to provide fair remuneration and benefits. Health & Safety is of the highest priority and is regularly reviewed at meetings.

Suppliers and business partners

There is a regular dialogue with our manufacturer partners to ensure the group adheres to brand requirements and objectives. Suppliers are monitored to ensure relevant regulations are being met and a consistent supply chain.

Customers

The satisfaction and welfare of our customers is paramount and the directors instil this message throughout the workforce underlining their core values 'Lipscomb - The Car People Who Care'. Continuous training and customer satisfaction monitoring is undertaken to ensure the highest level of customer engagement, retention and satisfaction within the business.

Shareholders

The directors work closely with the shareholders with regular reviews informing them of key business initiatives and investments throughout the year and through regular monthly financial updates. Actions of the directors are taken with the long-term benefit of the shareholders in mind.

Wider community and environment

The directors are aware of the impact of the group's operations within the local community and on the environment and consider these factors when taking decisions and making investments.

LIPSCOMB HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

Mr P W Barnes
Director

22 June 2022

LIPSCOMB HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company continued to be that of a holding company. The principal activity of the group continued to be that of motor dealers and engineers.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £333,753. The directors do not recommend payment of a further dividend.

Directors

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

Mr P W Barnes

Mr M A L Barnes

Financial instruments

Liquidity risk

The group manages its cash and borrowing requirements in order to minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

The group's credit risk relates to bank loans and stocks held under consignment agreements. These facilities are secured against assets owned by the group.

Price risk

The group can be exposed to pricing risks through holding stocks of used and demonstrator vehicles, but this is mitigated by carrying the stock at Cap Clean Value. The pricing risk relating to new vehicles is mitigated by the use of consignment stock.

Energy and carbon report

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the directors have reviewed whether it is necessary to produce a report of energy and carbon declaration for the company in its own right and the group which it heads up.

The directors have considered the eligibility criteria and, given that the business assets of the company in its own right total less than £18.5m, as do the assets of the only subsidiary, Lipscomb Cars Limited, there is no requirement to produce a SECR report for inclusion in these accounts.

However, the group takes its responsibilities to conserve energy seriously and has an energy management program in place and this is ongoing.

Monitoring of consumption of energy is done on a monthly basis with recording of meter readings etc. During the reporting period the group has invested in EV charging points at 3 sites and has a new dealership facility with PEV solar panel energy. A continuous improvement program is also in place to invest in LED lighting and upgrades as maintenance is required at each location.

During the year the Maidstone Fiat Chrysler Brand showroom was upgraded with LED lighting and first floor office areas to conserve energy together with the Volvo Selekt used car showroom.

LIPSCOMB HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company 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 auditor of the company is aware of that information.

Information referred to in the strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group'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.

On behalf of the board

Mr P W Barnes

Director

22 June 2022

LIPSCOMB HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIPSCOMB HOLDINGS LIMITED

Opinion

We have audited the financial statements of Lipscomb Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent company's affairs as at 31 December 2021 and of the group's 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 group and parent 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 group's and parent 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.

LIPSCOMB HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LIPSCOMB HOLDINGS LIMITED

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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 parent 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.

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.

LIPSCOMB HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LIPSCOMB HOLDINGS LIMITED

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration and staff bonuses;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group'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; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, 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. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that 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, tax legislation and pension legislation.

Audit response to risks identified

As a result of performing the above, we identified management override of controls as a key consideration related to the potential risk of fraud.

Our procedures to respond to risks identified included the following:

- reviewing the financial statements 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 regarding actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and asking management whether there had been any correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business reasons behind any significant transactions that are unusual or outside the normal course of the group's business.

LIPSCOMB HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LIPSCOMB HOLDINGS LIMITED

We also communicated potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

David Hill BA FCA (Senior Statutory Auditor)
For and on behalf of Dendy Neville Limited

23 June 2022

Chartered Accountants
Statutory Auditor

3-4 Bower Terrace
Tonbridge Road
Maidstone
Kent
ME16 8RY

LIPSCOMB HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	71,178,320	57,332,135
Cost of sales		(63,208,828)	(51,835,436)
Gross profit		7,969,492	5,496,699
Administrative expenses		(5,212,703)	(4,725,692)
Other operating income		542,158	687,783
Operating profit	4	3,298,947	1,458,790
Interest receivable and similar income	8	162	127
Interest payable and similar expenses	9	(248,109)	(341,703)
Profit before taxation		3,051,000	1,117,214
Tax on profit	10	(789,146)	(233,507)
Profit for the financial year		2,261,854	883,707

Total comprehensive income for the year is all attributable to the owners of the parent company.

The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

LIPSCOMB HOLDINGS LIMITED

GROUP AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Fixed assets					
Tangible assets	12	11,481,942	11,572,084	11,137,065	11,213,990
Investments	13	-	-	188,530	173,775
		<u>11,481,942</u>	<u>11,572,084</u>	<u>11,325,595</u>	<u>11,387,765</u>
Current assets					
Stocks	15	9,231,909	10,971,433	-	-
Debtors	16	971,988	1,198,996	-	284,833
Cash at bank and in hand		1,500	376,494	-	-
		<u>10,205,397</u>	<u>12,546,923</u>	<u>-</u>	<u>284,833</u>
Creditors: amounts falling due within one year	17	(10,179,964)	(14,525,681)	(1,139,196)	(1,802,953)
Net current assets/(liabilities)		<u>25,433</u>	<u>(1,978,758)</u>	<u>(1,139,196)</u>	<u>(1,518,120)</u>
Total assets less current liabilities		<u>11,507,375</u>	<u>9,593,326</u>	<u>10,186,399</u>	<u>9,869,645</u>
Creditors: amounts falling due after more than one year	18	(2,379,614)	(2,685,421)	(5,160,954)	(5,350,000)
Provisions for liabilities					
Provisions	21	(55,000)	-	-	-
Deferred tax liability	22	(828,000)	(606,000)	(682,000)	(502,000)
		<u>(883,000)</u>	<u>(606,000)</u>	<u>(682,000)</u>	<u>(502,000)</u>
Net assets		<u>8,244,761</u>	<u>6,301,905</u>	<u>4,343,445</u>	<u>4,017,645</u>
Capital and reserves					
Called up share capital	24	950	950	950	950
Capital redemption reserve	25	5,000	5,000	5,000	5,000
Other reserves	25	88,530	73,775	88,530	73,775
Profit and loss reserves	25	8,150,281	6,222,180	4,248,965	3,937,920
Total equity		<u>8,244,761</u>	<u>6,301,905</u>	<u>4,343,445</u>	<u>4,017,645</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £644,798 (2020 - £948,457 profit).

LIPSCOMB HOLDINGS LIMITED

GROUP AND COMPANY BALANCE SHEETS (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 22 June 2022 and are signed on its behalf by:

Mr P W Barnes
Director

Company Registration No. 05551063

LIPSCOMB HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		950	5,000	59,020	5,480,393	5,545,363
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	883,707	883,707
Dividends	11	-	-	-	(141,920)	(141,920)
Transfers		-	-	14,755	-	14,755
Balance at 31 December 2020		950	5,000	73,775	6,222,180	6,301,905
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	2,261,854	2,261,854
Dividends	11	-	-	-	(333,753)	(333,753)
Transfers		-	-	14,755	-	14,755
Balance at 31 December 2021		950	5,000	88,530	8,150,281	8,244,761

LIPSCOMB HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		950	5,000	59,020	3,131,383	3,196,353
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	948,457	948,457
Dividends	11	-	-	-	(141,920)	(141,920)
Transfers		-	-	14,755	-	14,755
Balance at 31 December 2020		950	5,000	73,775	3,937,920	4,017,645
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	644,798	644,798
Dividends	11	-	-	-	(333,753)	(333,753)
Transfers		-	-	14,755	-	14,755
Balance at 31 December 2021		950	5,000	88,530	4,248,965	4,343,445

LIPSCOMB HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	32	1,063,414	1,405,894
Interest paid		(248,109)	(239,103)
Income taxes paid		(51,355)	(601)
Net cash inflow from operating activities		763,950	1,166,190
Investing activities			
Purchase of tangible fixed assets		(239,608)	(851,678)
Proceeds on disposal of tangible fixed assets		8,826	7,991
Interest received		162	127
Net cash used in investing activities		(230,620)	(843,560)
Financing activities			
Repayment of borrowings		(70,000)	(70,000)
Proceeds of new bank loans		-	3,200,000
Repayment of bank loans		(839,046)	(3,215,134)
Payment of finance leases obligations		(45,045)	(40,547)
Dividends paid to equity shareholders		(333,753)	(141,920)
Net cash used in financing activities		(1,287,844)	(267,601)
Net (decrease)/increase in cash and cash equivalents		(754,514)	55,029
Cash and cash equivalents at beginning of year		348,545	293,516
Cash and cash equivalents at end of year		(405,969)	348,545
Relating to:			
Cash at bank and in hand		1,500	376,494
Bank overdrafts included in creditors payable within one year		(407,469)	(27,949)

LIPSCOMB HOLDINGS LIMITED

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

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	33	943,920	185,176
Interest paid		(229,475)	(188,202)
Income taxes refunded/(paid)		64,380	-
Net cash inflow/(outflow) from operating activities		778,825	(3,026)
Investing activities			
Purchase of tangible fixed assets		(106,188)	(639,984)
Interest received		162	64
Dividends received		500,000	800,000
Net cash generated from investing activities		393,974	160,080
Financing activities			
Proceeds of new bank loans		-	3,200,000
Repayment of bank loans		(839,046)	(3,215,134)
Dividends paid to equity shareholders		(333,753)	(141,920)
Net cash used in financing activities		(1,172,799)	(157,054)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Lipscomb Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 3-4 Bower Terrace, Tonbridge Road, Maidstone, Kent, ME16 8RY. The principal place of business is Performance House, Forstal Road, Aylesford, Kent, ME20 7XA.

The group consists of Lipscomb Holdings Limited and all of its subsidiaries.

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.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination.

The consolidated financial statements incorporate those of Lipscomb Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.4 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. 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, 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.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation.

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

Land and buildings Freehold	2% straight line on buildings
Land and buildings Leasehold	Over the term of the lease
Plant and machinery	14% or 20% straight line
Fixtures, fittings & equipment	14% - 25% straight line
Motor vehicles	25% straight line

No depreciation is provided in respect of freehold land.

Freehold properties held by the parent company for use within the trade of the subsidiary company and not acquired for investment purposes are classified as tangible fixed assets and not investment properties.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.7 Stocks

Vehicle stocks are stated at the lower of cost and estimated selling price less costs to complete and sell having regard to Cap Clean value and post year end sales. Vehicle stocks include new vehicles held under consignment agreements on the basis that the risks and rewards of ownership have significantly transferred to the group.

Parts stocks are included at cost less provision for obsolescence and slow moving items.

1.8 Financial instruments

The group has elected to apply the recognition and measurement provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Basic financial assets

Basic financial assets, which include debtors and cash balances, are measured at transaction price.

Basic financial liabilities

Basic financial liabilities, including creditors, bank balances, bank loans and loans from fellow group companies, are recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.9 Taxation

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

Current tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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.

1.10 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Retirement benefits

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

1.12 Share-based payments

Certain directors of the subsidiary company, Lipscomb Cars Limited, participate in equity settled share based payments granted by Lipscomb Holdings Limited. Equity settled share based payments are measured at estimated fair value at the date of the grant taking into account the terms and conditions upon which the awards were granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

1.13 Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

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. Grants under the Coronavirus Job Retention Scheme are recognised on a systematic basis over the periods in which the related costs are incurred.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

The accounting policies set out the basis of estimates and judgements made during preparation of the financial statements. There are no material judgements or estimates which affect the financial statements.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Vehicles	61,278,950	49,175,197
Parts and servicing	9,899,370	8,156,938
	<u>71,178,320</u>	<u>57,332,135</u>
	2021 £	2020 £
Other significant revenue		
Interest income	162	127
Grants received	144,969	411,995
	<u></u>	<u></u>

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(144,969)	(411,995)
Rates holiday	(176,574)	(209,110)
Depreciation of owned tangible fixed assets	187,191	159,394
Depreciation of tangible fixed assets held under finance leases	44,892	37,854
Loss/(profit) on disposal of tangible fixed assets	29,166	(986)
Share-based payments	14,755	14,755
Operating lease charges	175,370	174,662
	<u></u>	<u></u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,200	5,000
Audit of the financial statements of the company's subsidiaries	22,000	20,000
	<u>27,200</u>	<u>25,000</u>
For other services		
Taxation compliance services	8,500	8,500
Other taxation services	2,200	2,600
All other non-audit services	25,058	20,900
	<u>35,758</u>	<u>32,000</u>

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Administration	32	32	3	3
Servicing	49	47	-	-
Sales	31	30	-	-
Total	<u>112</u>	<u>109</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,394,349	3,144,998	26,042	19,056
Social security costs	371,883	310,872	(964)	4,871
Pension costs	197,641	103,739	59,500	10,000
	<u>3,963,873</u>	<u>3,559,609</u>	<u>84,578</u>	<u>33,927</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	48,092	110,942
Company pension contributions to defined contribution schemes	15,707	6,657
	<u>63,799</u>	<u>117,599</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	162	127
	<u>162</u>	<u>127</u>

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	120,342	171,461
Other interest on financial liabilities	104,844	154,686
	<u>225,186</u>	<u>326,147</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	6,043	7,711
Other interest	16,880	7,845
	<u>248,109</u>	<u>341,703</u>

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	576,500	110,000
Adjustments in respect of prior periods	(9,354)	6,807
	<u>567,146</u>	<u>116,807</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	28,500	116,700
Changes in tax rates	193,500	-
Total deferred tax	<u>222,000</u>	<u>116,700</u>
Total tax charge	<u>789,146</u>	<u>233,507</u>

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

	2021 £	2020 £
Profit before taxation	<u>3,051,000</u>	<u>1,117,214</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	579,690	212,271
Tax effect of expenses that are not deductible in determining taxable profit	3,362	4,331
Tax effect of utilisation of tax losses not previously recognised	-	(19,901)
Effect of change in corporation tax rate	193,500	-
Permanent capital allowances in excess of depreciation	15,461	21,407
Depreciation on assets not qualifying for tax allowances	6,598	7,274
Under/(over) provided in prior years	(9,354)	6,807
Other tax adjustments	(111)	1,318
Taxation charge	<u>789,146</u>	<u>233,507</u>

The main rate of corporation tax is 19%. Following announcements made in the March 2021 Budget, the main rate of corporation tax is set to increase to 25% from 1 April 2023. This was enacted on 10 June 2021.

11 Dividends

	2021 £	2020 £
Ordinary dividends paid	<u>333,753</u>	<u>141,920</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2021	12,120,674	273,870	743,129	669,846	26,501	13,834,020
Additions	46,513	-	61,920	17,281	54,219	179,933
Disposals	(32,477)	-	(10,007)	(14,110)	(15,183)	(71,777)
At 31 December 2021	12,134,710	273,870	795,042	673,017	65,537	13,942,176
Depreciation and impairment						
At 1 January 2021	1,179,581	260,435	404,057	406,803	11,060	2,261,936
Depreciation charged in the year	90,373	1,679	62,895	71,775	5,361	232,083
Eliminated in respect of disposals	(458)	-	(10,007)	(14,110)	(9,210)	(33,785)
At 31 December 2021	1,269,496	262,114	456,945	464,468	7,211	2,460,234
Carrying amount						
At 31 December 2021	10,865,214	11,756	338,097	208,549	58,326	11,481,942
At 31 December 2020	10,941,093	13,435	339,072	263,043	15,441	11,572,084

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Land and buildings Freehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2021	12,378,289	1,499	12,379,788
Additions	46,513	-	46,513
Disposals	(32,477)	(1,499)	(33,976)
At 31 December 2021	12,392,325	-	12,392,325
Depreciation and impairment			
At 1 January 2021	1,164,299	1,499	1,165,798
Depreciation charged in the year	91,419	-	91,419
Eliminated in respect of disposals	(458)	(1,499)	(1,957)
At 31 December 2021	1,255,260	-	1,255,260
Carrying amount			
At 31 December 2021	11,137,065	-	11,137,065
At 31 December 2020	11,213,990	-	11,213,990

The carrying value of land and buildings includes freehold land which is not depreciated of :

	Group 2021 £	2020 £	Company 2021 £	2020 £
Freehold land	3,095,634	3,095,634	3,248,648	3,248,648

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and machinery	131,463	156,907	-	-
Fixtures, fittings & equipment	78,729	98,177	-	-
	210,192	255,084	-	-
Depreciation charge for the year in respect of leased assets	44,892	37,854	-	-

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	188,530	173,775

Movements in fixed asset investments Company

Shares in subsidiaries £

Cost or valuation

At 1 January 2021	173,775
Additions	14,755

At 31 December 2021	188,530
---------------------	---------

Carrying amount

At 31 December 2021	188,530
At 31 December 2020	173,775

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Lipscomb Cars Limited	3-4 Bower Terrace, Tonbridge Road, Maidstone, Kent, ME16 8RY	Motor dealers and engineers	Ordinary	100.00

15 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	9,231,909	10,971,433	-	-

Vehicle stocks include £4,297,341 (2020 - £8,317,272) of new vehicles held under consignment agreements.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	£	£	£	£
Trade debtors	662,661	784,134	-	-
Corporation tax recoverable	-	49,291	-	49,291
Other debtors	181,162	272,079	-	235,542
Prepayments and accrued income	128,165	93,492	-	-
	<u>971,988</u>	<u>1,198,996</u>	<u>-</u>	<u>284,833</u>

17 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	19	607,469	877,949	200,000	850,000
Obligations under finance leases	20	46,760	45,044	-	-
Other borrowings	19	70,000	70,000	-	-
Trade creditors		2,581,562	3,767,661	-	-
Amounts owed to group undertakings		-	-	410,653	525,171
Taxation and social security		1,318,934	278,152	98,583	60,131
Other creditors		4,679,455	8,547,600	382,114	230,328
Accruals and deferred income		875,784	939,275	47,846	137,323
		<u>10,179,964</u>	<u>14,525,681</u>	<u>1,139,196</u>	<u>1,802,953</u>

Other creditors includes amounts due in respect of consignment stocks as detailed in note 15 above.

Consignment stocks amounting to £1,789,789 (2020 - £5,167,073) are secured by a debenture over all assets of the company.

18 Creditors: amounts falling due after more than one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans	19	2,160,954	2,350,000	2,160,954	2,350,000
Obligations under finance leases	20	101,993	148,754	-	-
Other borrowings	19	116,667	186,667	3,000,000	3,000,000
		<u>2,379,614</u>	<u>2,685,421</u>	<u>5,160,954</u>	<u>5,350,000</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

19 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	2,360,954	3,200,000	2,360,954	3,200,000
Bank overdrafts	407,469	27,949	-	-
Loans from group undertakings	-	-	3,000,000	3,000,000
Other loans	186,667	256,667	-	-
	<u>2,955,090</u>	<u>3,484,616</u>	<u>5,360,954</u>	<u>6,200,000</u>
Payable within one year	677,469	947,949	200,000	850,000
Payable after one year	<u>2,277,621</u>	<u>2,536,667</u>	<u>5,160,954</u>	<u>5,350,000</u>

Bank loans includes a loan with a balance outstanding at 31 December 2021 of £2,360,954 (2020 - £2,500,000) which carries interest at 3.75% above Base Rate and is repayable by 59 monthly instalments of £18,306.54, with a balancing payment due in December 2025. This loan is secured on properties owned by the group, and all current and future assets of the group.

Bank overdrafts are secured by a fixed and floating charge over all assets of the group. A director, Mr P W Barnes, has also provided a personal guarantee of up to £500,000 (2020 - £500,000).

Other loans includes an amount totalling £186,667 (2020 - £256,667) which is repayable in 60 monthly instalments commencing in August 2019. Interest is charged at the rate of 1.54% per annum flat.

20 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	51,088	51,088	-	-
In two to five years	105,504	156,592	-	-
	<u>156,592</u>	<u>207,680</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(7,839)	(13,882)	-	-
	<u>148,753</u>	<u>193,798</u>	<u>-</u>	<u>-</u>

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

Net obligations under finance lease are secured by fixed charges on the assets concerned.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Provisions for liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other provisions	55,000	-	-	-

Movements on provisions:

Group	Other provisions £
Additional provisions in the year	55,000

Other provisions represents estimated lease dilapidation costs arising from obligations under the terms of leases in respect of premises occupied by the group.

22 Deferred taxation

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

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	828,000	606,000
Company	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	682,000	502,000
Movements in the year:	Group 2021 £	Company 2021 £
Liability at 1 January 2021	606,000	502,000
Charge to profit or loss	28,500	21,000
Effect of change in tax rate - profit or loss	193,500	159,000
Liability at 31 December 2021	828,000	682,000

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Deferred taxation

(Continued)

None of the company's deferred tax liability above is expected to reverse within 12 months of the balance sheet date.

£20,000 of the group's deferred tax liability above is expected to reverse within 12 months of the balance sheet date and relates to accelerated capital allowances that are expected to reverse within the same period.

23 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	197,641	103,739

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	950	950	950	950

25 Reserves

Other reserves

Other reserves relates to a share based payment reserve. Certain directors of the subsidiary company, Lipscomb Cars Limited, participate in equity settled share-based payments granted by Lipscomb Holdings Limited. During the period ended 31 December 2021, 44 options were granted and these were all outstanding at the 31 December 2021. Options are exercisable at a price of £478 per share and the vesting period is estimated to be nine years, with a maximum expiration period of ten years. Options are forfeited if the individual leaves the subsidiary company before the options vest.

The group recognised total expenses of £14,755 (2020 - £14,755) relating to the share option scheme for the year ended 31 December 2021.

26 Financial commitments, guarantees and contingent liabilities

Lipscomb Holdings Limited has provided a Guarantee and Indemnity in respect of a hire purchase agreement entered into by its subsidiary Lipscomb Cars Limited. At 31 December 2021, this guarantee amounted to £148,754 (2020 - £193,798).

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	175,500	174,000	-	-
Between two and five years	657,667	365,667	-	-
In over five years	405,875	255,000	-	-
	<u>1,239,042</u>	<u>794,667</u>	<u>-</u>	<u>-</u>

Included within the above are annual lease payments of £85,000 for the period to December 2028 and £76,000 for the period to January 2030 in respect of properties occupied by Lipscomb Cars Limited.

28 Events after the reporting date

On 12 April 2022 Lipscomb Holdings Limited disposed of its Ashford site for the sum of £1,650,000, which resulted in a gain in excess of £500,000.

29 Related party transactions

During the year, Lipscomb Cars Limited occupied properties owned by a Self Invested Personal Pension Scheme of which a director, Mr P W Barnes and his wife are beneficiaries. The company paid rent of £161,000 (2020 - £160,000). This was the market value of the properties, which was arrived at by independent professional valuers.

Other creditors includes a loan from the wife of Mr P W Barnes, a director of the company, amounting to £302,320 (2020 - £230,328).

Other creditors includes a loan from Mr M A L Barnes, a director of the company, amounting to £78,546 (2020 - £nil).

30 Directors' transactions

During the year, the company made advances to the wife of Mr P W Barnes, a director of the company, amounting to £nil (2020 - £20,878). Repayments totalling £nil (2020 - £20,878) were made in respect of these advances and interest was charged at HMRC approved rates.

31 Controlling party

The ultimate controlling party is Mr P W Barnes, a director of the company.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

32 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	2,261,854	883,707
Adjustments for:		
Taxation charged	789,146	233,507
Finance costs	248,109	341,703
Investment income	(162)	(127)
Loss/(gain) on disposal of tangible fixed assets	29,166	(986)
Depreciation and impairment of tangible fixed assets	232,083	197,248
Equity settled share based payment expense	14,755	14,755
Increase in provisions	55,000	-
Movements in working capital:		
Decrease/(increase) in stocks	1,739,524	(2,252,448)
Decrease/(increase) in debtors	177,717	(324,908)
(Decrease)/increase in creditors	(4,483,778)	2,313,443
Cash generated from operations	1,063,414	1,405,894

33 Cash generated from operations - company

	2021 £	2020 £
Profit for the year after tax	644,798	948,457
Adjustments for:		
Taxation charged	235,411	70,506
Finance costs	229,475	290,802
Investment income	(500,162)	(800,064)
Loss on disposal of tangible fixed assets	32,019	-
Depreciation and impairment of tangible fixed assets	91,419	66,290
Movements in working capital:		
Decrease/(increase) in debtors	235,542	(1,556)
Decrease in creditors	(24,582)	(389,259)
Cash generated from operations	943,920	185,176

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

34 Analysis of changes in net debt - group

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	376,494	(374,994)	1,500
Bank overdrafts	(27,949)	(379,520)	(407,469)
	<u>348,545</u>	<u>(754,514)</u>	<u>(405,969)</u>
Borrowings excluding overdrafts	(3,456,667)	909,046	(2,547,621)
Obligations under finance leases	(193,798)	45,045	(148,753)
	<u>(3,301,920)</u>	<u>199,577</u>	<u>(3,102,343)</u>

35 Analysis of changes in net debt - company

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Borrowings excluding overdrafts	(3,200,000)	839,046	(2,360,954)
	<u>(3,200,000)</u>	<u>839,046</u>	<u>(2,360,954)</u>

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