

Company registration number 05551063 (England and Wales)

LIPSCOMB HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022

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

Fair review of the business

The group profit before taxation for the year ended 31 December 2022 was £2.391m from a turnover of £60.555m as shown on page 9. This compares with profit before taxation for the year ended 31 December 2021 of £3.051m from a turnover of £71.178m before tax.

The subsidiary company's turnover fell because of new vehicle supply constraints affecting all brands as the manufacturers continued to experience serious production delays due to component and supply shortages. However, the after-sales operations performed strongly, increasing turnover by 7.3% and gross profit margins by 5% over the previous year.

Given these constraints to the subsidiary business, the directors were pleased with the overall performance of the subsidiary company which has seen supply of new vehicles begin to ease following Q1 of 2023, and they are confident with improved supply of new vehicles improving through 2023 that turnover and gross profit will improve further.

The company successfully disposed of its freehold interest in its Ashford dealership in 2022 for redevelopment following its relocation alongside a new Volvo dealership in Canterbury. The profit from this sale is noted on page 19 of these accounts.

Cash flow improved as a result of the freehold disposal, this will ensure the company is able to fund future planned development and expansion of its subsidiary company as opportunities arise.

Principal risks and uncertainties

The principal risk to the group remains the world shortage of raw materials following the pandemic and outbreak of war in Eastern Europe but as noted above, signs of this shortage is anticipated to ease in 2023.

There continues to be an interest to move to an 'Agency Model' by vehicle manufacturers. Volvo Cars will make this transition in Q3 of 2023 whilst Fiat Chrysler Automobiles, under the newly formed Stellantis Group, have delayed their overall decision on their brand portfolios until 2024 and beyond.

Energy costs continue to be a concern for all industries, and the company, through their subsidiary company, have taken action to contain these by strong management and also the planned introduction of solar panel arrays at its dealerships. Staff and department costs continue to rise in line with inflation, and the containment of costs will remain 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 after-sales operations. At the same time, the company wishes to continue with fostering good relationships with its manufacturer partners to take advantage of any further opportunities for the future.

'Direct to Consumer' activity by the manufacturers will continue, and it is therefore important to maintain a key 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 continued increase in BEV vehicle sales will create opportunities for training and development of technicians which is now immersed in the subsidiary company training programs.

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

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 9 and 10.

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.

LIPSCOMB HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

On behalf of the board

Mr P W Barnes
Director

14 June 2023

LIPSCOMB HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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 9.

Ordinary dividends were paid amounting to £317,042. 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 and cash flow 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 responsibility to conserve energy seriously and has an energy management program in place and this is ongoing.

Monitoring of consumption of energy is done monthly with the recording of meter readings etc. and also the subject of regular health and safety committee meetings at each subsidiary location reviewed by the Managing Director. A continuous improvement program is in place to reduce energy with all maintenance upgrades and maintenance dictated by low energy lighting.

During the year an independent energy audit was commissioned for the Maidstone operation and its findings and recommendations are now being implemented. A further DC charge point is being added catering for the increased supply of BEV vehicles moving forward whilst solar panel technology is also planned with a further array to be added to the Volvo dealership in Canterbury.

LIPSCOMB HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 financial statements;
- prepare the financial statements 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

14 June 2023

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 2022 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 2022 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.

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.

LIPSCOMB HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIPSCOMB HOLDINGS LIMITED

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 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 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 parent 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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.

LIPSCOMB HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIPSCOMB HOLDINGS LIMITED

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.

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.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations, even though we have properly planned and performed our audit in accordance with auditing standards. This risk increases the more that compliance with laws 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. In addition, as with any audit, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

LIPSCOMB HOLDINGS LIMITED

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

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

14 June 2023

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 2022

	Notes	2022 £	2021 £
Turnover	3	60,555,293	71,178,320
Cost of sales		(53,573,338)	(63,208,828)
Gross profit		6,981,955	7,969,492
Administrative expenses		(5,576,872)	(5,212,703)
Other operating income		1,209,653	542,158
Operating profit	4	2,614,736	3,298,947
Interest receivable and similar income	8	467	162
Interest payable and similar expenses	9	(224,636)	(248,109)
Profit before taxation		2,390,567	3,051,000
Tax on profit	10	(307,557)	(789,146)
Profit for the financial year		2,083,010	2,261,854

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 2022

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Fixed assets					
Tangible assets	12	10,513,839	11,481,942	9,958,756	11,137,065
Investments	13	-	-	203,285	188,530
		<u>10,513,839</u>	<u>11,481,942</u>	<u>10,162,041</u>	<u>11,325,595</u>
Current assets					
Stocks	15	10,398,591	9,231,909	-	-
Debtors	16	1,190,539	971,988	-	-
Cash at bank and in hand		297,841	1,500	-	-
		<u>11,886,971</u>	<u>10,205,397</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	17	(9,418,691)	(10,179,964)	(1,476,823)	(1,139,196)
Net current assets/(liabilities)		<u>2,468,280</u>	<u>25,433</u>	<u>(1,476,823)</u>	<u>(1,139,196)</u>
Total assets less current liabilities		<u>12,982,119</u>	<u>11,507,375</u>	<u>8,685,218</u>	<u>10,186,399</u>
Creditors: amounts falling due after more than one year	18	(2,068,435)	(2,379,614)	(1,968,251)	(5,160,954)
Provisions for liabilities					
Provisions	21	(81,200)	(55,000)	-	-
Deferred tax liability	22	(807,000)	(828,000)	(690,000)	(682,000)
		<u>(888,200)</u>	<u>(883,000)</u>	<u>(690,000)</u>	<u>(682,000)</u>
Net assets		<u>10,025,484</u>	<u>8,244,761</u>	<u>6,026,967</u>	<u>4,343,445</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	103,285	88,530	103,285	88,530
Profit and loss reserves	25	9,916,249	8,150,281	5,917,732	4,248,965
Total equity		<u>10,025,484</u>	<u>8,244,761</u>	<u>6,026,967</u>	<u>4,343,445</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 £1,985,809 (2021 - £644,798 profit).

LIPSCOMB HOLDINGS LIMITED

GROUP AND COMPANY BALANCE SHEETS (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 14 June 2023 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 2022

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2021		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)
Credit to equity for equity settled share-based payment		-	-	14,755	-	14,755
Balance at 31 December 2021		950	5,000	88,530	8,150,281	8,244,761
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	-	2,083,010	2,083,010
Dividends	11	-	-	-	(317,042)	(317,042)
Credit to equity for equity settled share-based payment		-	-	14,755	-	14,755
Balance at 31 December 2022		950	5,000	103,285	9,916,249	10,025,484

LIPSCOMB HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2021		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)
Credit to equity for equity settled share-based payment		-	-	14,755	-	14,755
Balance at 31 December 2021		950	5,000	88,530	4,248,965	4,343,445
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	-	1,985,809	1,985,809
Dividends	11	-	-	-	(317,042)	(317,042)
Credit to equity for equity settled share-based payment		-	-	14,755	-	14,755
Balance at 31 December 2022		950	5,000	103,285	5,917,732	6,026,967

LIPSCOMB HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	30	630,671	1,063,414
Interest paid		(224,636)	(248,109)
Income taxes paid		(587,057)	(51,355)
Net cash (outflow)/inflow from operating activities		(181,022)	763,950
Investing activities			
Purchase of tangible fixed assets		(139,130)	(239,608)
Proceeds from disposal of tangible fixed assets		1,650,000	8,826
Interest received		467	162
Net cash generated from/(used in) investing activities		1,511,337	(230,620)
Financing activities			
Repayment of borrowings		(70,000)	(70,000)
Repayment of bank loans		(192,703)	(839,046)
Payment of finance leases obligations		(46,760)	(45,045)
Dividends paid to equity shareholders		(317,042)	(333,753)
Net cash used in financing activities		(626,505)	(1,287,844)
Net increase/(decrease) in cash and cash equivalents		703,810	(754,514)
Cash and cash equivalents at beginning of year		(405,969)	348,545
Cash and cash equivalents at end of year		297,841	(405,969)
Relating to:			
Cash at bank and in hand		297,841	1,500
Bank overdrafts included in creditors payable within one year		-	(407,469)

LIPSCOMB HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	31	1,155,282	943,920
Interest paid		(177,218)	(229,475)
Income taxes (paid)/refunded		(71,266)	64,380
Net cash inflow from operating activities		906,798	778,825
Investing activities			
Purchase of tangible fixed assets		(47,053)	(106,188)
Proceeds from disposal of tangible fixed assets		1,650,000	-
Interest received		-	162
Dividends received		1,000,000	500,000
Net cash generated from investing activities		2,602,947	393,974
Financing activities			
Repayment of borrowings from subsidiary		(3,000,000)	-
Repayment of bank loans		(192,703)	(839,046)
Dividends paid to equity shareholders		(317,042)	(333,753)
Net cash used in financing activities		(3,509,745)	(1,172,799)
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 2022

1 Accounting policies

Company information

Lipscomb Holdings Limited ("the company") is a private company limited by shares 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 2022.

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 2022

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% - 33% 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 2022

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 2022

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:

	2022 £	2021 £
Turnover analysed by class of business		
Vehicles	49,898,150	61,278,950
Parts and servicing	10,657,143	9,899,370
	<u>60,555,293</u>	<u>71,178,320</u>
	2022 £	2021 £
Other revenue		
Interest income	467	162
Grants received	2,791	144,969
	<u>2,791</u>	<u>144,969</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

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(2,791)	(144,969)
Rates holiday	(164,552)	(176,574)
Depreciation of owned tangible fixed assets	195,995	187,191
Depreciation of tangible fixed assets held under finance leases	44,892	44,892
(Profit)/loss on disposal of tangible fixed assets	(783,654)	29,166
Share-based payments	14,755	14,755
Operating lease charges	175,644	175,370
	<u>175,644</u>	<u>175,370</u>

Profit on disposal of tangible fixed assets in the year related to the sale of the group's freehold interest in Bridge House, Ashford.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,000	5,200
Audit of the financial statements of the company's subsidiaries	24,000	22,000
	<u>30,000</u>	<u>27,200</u>
For other services		
Taxation compliance services	10,300	8,500
Other taxation services	2,800	2,200
All other non-audit services	20,060	25,058
	<u>33,160</u>	<u>35,758</u>

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administration	32	32	3	3
Servicing	48	49	-	-
Sales	30	31	-	-
Total	<u>110</u>	<u>112</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,593,961	3,394,349	23,170	26,042
Social security costs	398,752	371,883	3,753	(964)
Pension costs	258,893	197,641	129,200	59,500
	<u>4,251,606</u>	<u>3,963,873</u>	<u>156,123</u>	<u>84,578</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	21,565	48,092
Company pension contributions to defined contribution schemes	108,000	15,707
	<u>129,565</u>	<u>63,799</u>

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

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Other interest income	467	162
	<u>467</u>	<u>162</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	116,004	120,342
Other interest on financial liabilities	78,546	104,844
	<u>194,550</u>	<u>225,186</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	4,327	6,043
Other interest	25,759	16,880
	<u>30,086</u>	<u>22,923</u>
Total finance costs	<u>224,636</u>	<u>248,109</u>

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	318,000	576,500
Adjustments in respect of prior periods	10,557	(9,354)
	<u>328,557</u>	<u>567,146</u>
Total current tax	<u>328,557</u>	<u>567,146</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation

(Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	(21,000)	28,500
Changes in tax rates	-	193,500
	<u>(21,000)</u>	<u>222,000</u>
Total deferred tax		
	<u>(21,000)</u>	<u>222,000</u>
Total tax charge	<u>307,557</u>	<u>789,146</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:

	2022 £	2021 £
Profit before taxation	<u>2,390,567</u>	<u>3,051,000</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	454,208	579,690
Tax effect of expenses that are not deductible in determining taxable profit	3,266	5,479
Effect of change in corporation tax rate	-	193,500
Depreciation on assets not qualifying for tax allowances	7,029	13,875
Under/(over) provided in prior years	10,557	(9,354)
Deferred tax adjustments in respect of prior years	(11,317)	7,366
Other tax adjustments	(1,813)	3,065
Rolled over gains not taxable	(148,894)	-
Enhanced capital allowances	(5,479)	(4,475)
	<u>307,557</u>	<u>789,146</u>
Taxation charge		
	<u>307,557</u>	<u>789,146</u>

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

11 Dividends

	2022 £	2021 £
Ordinary dividends paid	<u>317,042</u>	<u>333,753</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022	12,134,710	273,870	795,042	673,017	65,537	13,942,176
Additions	43,026	-	23,118	9,021	63,965	139,130
Disposals	(985,992)	-	-	(2,734)	-	(988,726)
At 31 December 2022	11,191,744	273,870	818,160	679,304	129,502	13,092,580
Depreciation and Impairment						
At 1 January 2022	1,269,496	262,114	456,945	464,468	7,211	2,460,234
Depreciation charged in the year	87,053	1,679	67,682	67,227	17,246	240,887
Eliminated in respect of disposals	(119,646)	-	-	(2,734)	-	(122,380)
At 31 December 2022	1,236,903	263,793	524,627	528,961	24,457	2,578,741
Carrying amount						
At 31 December 2022	9,954,841	10,077	293,533	150,343	105,045	10,513,839
At 31 December 2021	10,865,214	11,756	338,097	208,549	58,326	11,481,942

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Company	Land and buildings Freehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2022	12,392,325	-	12,392,325
Additions	43,026	4,027	47,053
Disposals	(1,243,607)	-	(1,243,607)
At 31 December 2022	11,191,744	4,027	11,195,771
Depreciation and impairment			
At 1 January 2022	1,255,260	-	1,255,260
Depreciation charged in the year	87,315	112	87,427
Eliminated in respect of disposals	(105,672)	-	(105,672)
At 31 December 2022	1,236,903	112	1,237,015
Carrying amount			
At 31 December 2022	9,954,841	3,915	9,958,756
At 31 December 2021	11,137,065	-	11,137,065

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Freehold land	2,596,981	3,095,634	2,596,981	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 2022 £	2021 £	Company 2022 £	2021 £
Plant and machinery	106,019	131,463	-	-
Fixtures, fittings & equipment	59,281	78,729	-	-
	165,300	210,192	-	-
Depreciation charge for the year in respect of leased assets	44,892	44,892	-	-

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	203,285	188,530

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	188,530
Additions	14,755
At 31 December 2022	203,285
Carrying amount	
At 31 December 2022	203,285
At 31 December 2021	188,530

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 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 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	10,398,591	9,231,909	-	-

Vehicle stocks include £5,220,921 (2021 - £4,297,341) of new vehicles held under consignment agreements.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Debtors

	Group 2022	2021	Company 2022	2021
Amounts falling due within one year:	£	£	£	£
Trade debtors	670,535	662,661	-	-
Other debtors	393,993	181,162	-	-
Prepayments and accrued income	126,011	129,165	-	-
	<u>1,190,539</u>	<u>971,988</u>	<u>-</u>	<u>-</u>

17 Creditors: amounts falling due within one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans and overdrafts	19	200,000	607,469	200,000	200,000
Obligations under finance leases	20	48,476	46,760	-	-
Other borrowings	19	70,000	70,000	-	-
Trade creditors		2,186,780	2,581,562	-	-
Amounts owed to group undertakings		-	-	579,273	410,653
Taxation and social security		428,126	1,318,934	223,467	98,583
Other creditors		5,619,984	4,679,455	399,063	382,114
Accruals and deferred income		865,325	875,784	75,020	47,846
		<u>9,418,691</u>	<u>10,179,964</u>	<u>1,476,823</u>	<u>1,139,196</u>

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

Consignment stocks amounting to £3,295,838 (2021 - £1,789,789) are secured by a debenture over all assets of the company.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans	19	1,968,251	2,160,954	1,968,251	2,160,954
Obligations under finance leases	20	53,517	101,993	-	-
Other borrowings	19	46,667	116,667	-	3,000,000
		<u>2,068,435</u>	<u>2,379,614</u>	<u>1,968,251</u>	<u>5,160,954</u>

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	2,168,251	2,360,954	2,168,251	2,360,954
Bank overdrafts	-	407,469	-	-
Loans from group undertakings	-	-	-	3,000,000
Other loans	116,667	186,667	-	-
	<u>2,284,918</u>	<u>2,955,090</u>	<u>2,168,251</u>	<u>5,360,954</u>
Payable within one year	270,000	677,469	200,000	200,000
Payable after one year	<u>2,014,918</u>	<u>2,277,621</u>	<u>1,968,251</u>	<u>5,160,954</u>

Bank loans relates to a loan with a balance outstanding at 31 December 2022 of £2,168,251 (2021 - £2,360,954) 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 (2021 - £500,000).

Other loans relates to an amount totalling £116,667 (2021 - £186,667) 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 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	51,088	51,088	-	-
In two to five years	54,416	105,504	-	-
	<u>105,504</u>	<u>156,592</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(3,511)	(7,839)	-	-
	<u>101,993</u>	<u>148,753</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 2022

21 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other provisions	81,200	55,000	-	-

Movements on provisions:

Group	Other provisions £
At 1 January 2022	55,000
Additional provisions in the year	26,200
At 31 December 2022	81,200

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 2022 £	Liabilities 2021 £
Accelerated capital allowances	819,500	828,000
Retirement benefit obligations	(12,500)	-
	807,000	828,000

Company	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	702,500	682,000
Retirement benefit obligations	(12,500)	-
	690,000	682,000

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

22 Deferred taxation (Continued)

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	828,000	682,000
(Credit)/charge to profit or loss	(21,000)	8,000
Liability at 31 December 2022	807,000	690,000

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

£10,000 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

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	258,893	197,641

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	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
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 2016, 44 options were granted and these were all outstanding at the 31 December 2022. 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.

During the year, the group recognised total expenses of £14,755 (2021 - £14,755) relating to the share option scheme.

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, this guarantee amounted to £101,993 (2021 - £148,754).

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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	173,167	175,500	-	-
Between two and five years	646,000	657,667	-	-
In over five years	244,375	405,875	-	-
	<u>1,063,542</u>	<u>1,239,042</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 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 (2021 - £161,000). This was the market value rent for 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 £210,690 (2021 - £303,566).

Other creditors includes a loan from Mr M A L Barnes, a director of the company, amounting to £188,373 (2021 - £78,546).

29 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 2022

30 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	2,083,010	2,261,854
Adjustments for:		
Taxation charged	307,557	789,146
Finance costs	224,636	248,109
Investment income	(467)	(162)
(Gain)/loss on disposal of tangible fixed assets	(783,654)	29,166
Depreciation and impairment of tangible fixed assets	240,887	232,083
Equity settled share based payment expense	14,755	14,755
Increase in provisions	26,200	55,000
Movements in working capital:		
(Increase)/decrease in stocks	(1,166,682)	1,739,524
(Increase)/decrease in debtors	(218,551)	177,717
Decrease in creditors	(97,020)	(4,483,778)
Cash generated from operations	630,671	1,063,414

31 Cash generated from operations - company

	2022 £	2021 £
Profit for the year after tax	1,985,809	644,798
Adjustments for:		
Taxation charged	124,766	235,411
Finance costs	177,218	229,475
Investment income	(1,000,000)	(500,162)
(Gain)/loss on disposal of tangible fixed assets	(512,065)	32,019
Depreciation and impairment of tangible fixed assets	87,427	91,419
Movements in working capital:		
Decrease in debtors	-	235,542
Increase/(decrease) in creditors	292,127	(24,582)
Cash generated from operations	1,155,282	943,920

LIPSCOMB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

32 Analysis of changes in net debt - group

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	1,500	296,341	297,841
Bank overdrafts	(407,469)	407,469	-
	<u>(405,969)</u>	<u>703,810</u>	<u>297,841</u>
Borrowings excluding overdrafts	(2,547,621)	262,703	(2,284,918)
Obligations under finance leases	(148,753)	46,760	(101,993)
	<u>(3,102,343)</u>	<u>1,013,273</u>	<u>(2,089,070)</u>

33 Analysis of changes in net debt - company

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Borrowings excluding overdrafts	(2,360,954)	192,703	(2,168,251)
	<u>(2,360,954)</u>	<u>192,703</u>	<u>(2,168,251)</u>

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