

Company Registration No. 07061171 (England and Wales)

TOM HARTLEY CARS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020



TOM HARTLEY CARS LIMITED

COMPANY INFORMATION

Directors Mr T Hartley Senior
Mr C Hartley

Company number 07061171

Registered office 159 Moira Road
Overseal
Swadlincote
Derbyshire
DE12 6JD

Auditor Jerroms
Lumaneri House
Blythe Gate
Blythe Valley Park
Solihull
West Midlands
B90 8AH

Business address 159 Moira Road
Overseal
Swadlincote
Derbyshire
DE12 6JD

TOM HARTLEY CARS LIMITED

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TOM HARTLEY CARS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present the strategic report for the year ended 31 October 2020.

Fair review of the business

The results for the period and the financial position at the year end were considered satisfactory by the directors.

Principal risks and uncertainties

The company's turnover consists of the sale of high class vehicles and therefore the principal risks and uncertainties facing the company are connected with the downturn in the economy, and the general recession. These risks are very much mitigated by the company being in the unique position of having no debt but substantial funds in the bank and an extremely low overhead base. This allows the company to operate for substantial periods with heavily reduced income if ever required as is the possibility during the on-going Covid-19 pandemic.

The company has however continued to trade profitably throughout the pandemic adopting further prudent buying procedures and obtaining competitive margins within its operating market.

Development and performance

Turnover decreased compared to previous year but overall profitability has improved. The company has not been effected by the uncertainty caused by Covid-19 and there has been an improvement on margins achieved on sales.

As already highlighted, the market has reset now slightly since the initial Covid-19 outbreak and continued prudent buying at current market values has allowed the company to trade post year end at high margins, similar to those achieved in previous years.

Key performance indicators

The key performance indicators are:

Turnover £24,493,744 (2019: £25,838,483)

Gross Profit Margin 9.12% (2019: 5.37%)

Earnings Before Interest, Taxation, Depreciation and Amortisation £1,651,336 (2019: £658,802)

On behalf of the board



Mr T Hartley Senior
Director

Date: 26.10.21

TOM HARTLEY CARS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their annual report and financial statements for the year ended 31 October 2020.

Principal activities

The principal activity of the company is that of car dealers.

Results and dividends

The results for the year are set out on page 7.

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

Directors

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

Mr T Hartley Senior

Mr C Hartley

Auditor

The auditor, Jerroms, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

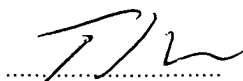
Strategic report

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr T Hartley Senior

Director

Date: 26.10.21

TOM HARTLEY CARS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

TOM HARTLEY CARS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOM HARTLEY CARS LIMITED

Opinion

We have audited the financial statements of Tom Hartley Cars Limited (the 'company') for the year ended 31 October 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 October 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

TOM HARTLEY CARS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TOM HARTLEY CARS 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 company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related parties and transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TOM HARTLEY CARS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TOM HARTLEY CARS 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.



Mr Steven McLoughlin FCCA (Senior Statutory Auditor)
For and on behalf of Jerroms

Date: 29 October 2021

Chartered Certified Accountants
Statutory Auditor

Lumaneri House
Blythe Gate
Blythe Valley Park
Solihull
West Midlands
B90 8AH

TOM HARTLEY CARS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
Turnover	3	24,493,744	25,838,483
Cost of sales		(22,259,931)	(24,448,692)
Gross profit		2,233,813	1,389,791
Administrative expenses		(1,196,820)	(1,250,005)
Other operating income		65,043	-
Operating profit	4	1,102,036	139,786
Interest receivable and similar income	8	7,493	5,373
Interest payable and similar expenses	9	(189)	(21)
Profit before taxation		1,109,340	145,138
Tax on profit	10	(312,427)	(117,355)
Profit for the financial year		796,913	27,783

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

TOM HARTLEY CARS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2020

	2020	2019
	£	£
Profit for the year	796,913	27,783
Other comprehensive income	-	-
Total comprehensive income for the year	<u>796,913</u>	<u>27,783</u>

TOM HARTLEY CARS LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	12	854,167		1,354,167	
Other intangible assets	12	2,728		2,728	
Total intangible assets		856,895		1,356,895	
Tangible assets	13	1,469,180		1,510,392	
		2,326,075		2,867,287	
Current assets					
Stocks	14	3,736,500		5,391,445	
Debtors	15	718,478		277,903	
Cash at bank and in hand		5,610,076		3,243,637	
		10,065,054		8,912,985	
Creditors: amounts falling due within one year	16	(2,727,531)		(2,912,001)	
Net current assets		7,337,523		6,000,984	
Total assets less current liabilities		9,663,598		8,868,271	
Provisions for liabilities					
Deferred tax liability	17	1,504		3,090	
			(1,504)		(3,090)
Net assets		9,662,094		8,865,181	
Capital and reserves					
Called up share capital	19	2		2	
Capital redemption reserve		1		1	
Profit and loss reserves		9,662,091		8,865,178	
Total equity		9,662,094		8,865,181	

The financial statements were approved by the board of directors and authorised for issue on 26/10/21 and are signed on its behalf by:



 Mr T Hartley Senior
 Director

Company Registration No. 07061171

TOM HARTLEY CARS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 November 2018		2	1	8,873,321	8,873,324
Year ended 31 October 2019:					
Profit and total comprehensive income for the year		-	-	27,783	27,783
Dividends	11	-	-	(35,926)	(35,926)
Balance at 31 October 2019		2	1	8,865,178	8,865,181
Year ended 31 October 2020:					
Profit and total comprehensive income for the year		-	-	796,913	796,913
Balance at 31 October 2020		2	1	9,662,091	9,662,094

TOM HARTLEY CARS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	23	2,482,451		3,420,639	
Interest paid		(189)		(21)	
Income taxes (paid)/refunded		(115,228)		194,856	
Net cash inflow from operating activities		2,367,034		3,615,474	
Investing activities					
Purchase of tangible fixed assets		(8,088)		(1,557,908)	
Proceeds on disposal of tangible fixed assets		-		1,436,499	
Interest received		7,493		5,373	
Net cash used in investing activities			(595)		(116,036)
Financing activities					
Dividends paid		-		(35,926)	
Net cash used in financing activities			-		(35,926)
Net increase in cash and cash equivalents		2,366,439		3,463,512	
Cash and cash equivalents at beginning of year		3,243,637		(219,875)	
Cash and cash equivalents at end of year		5,610,076		3,243,637	

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

Company information

Tom Hartley Cars Limited is a private company limited by shares incorporated in England and Wales. The registered office is 159 Moira Road, Overseal, Swadlincote, Derbyshire, DE12 6JD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

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

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 leasehold	2% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Land on which the showroom is built belongs to Mr T Harley, a director of the company. An informal agreement has entered into that Tom Hartley Cars Ltd can use the premises for the next 50 years.

1.6 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on the basis of the direct and indirect costs that are directly attributable.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no sources of key estimation uncertainty included within these financial statements.

3 Turnover and other revenue

	2020 £	2019 £
Turnover analysed by class of business		
Sale of luxury and performance automobiles	24,493,744	25,838,483
	<u> </u>	<u> </u>
	2020 £	2019 £
Other significant revenue		
Interest income	7,493	5,373
Grants received	65,043	-
	<u> </u>	<u> </u>
	2020 £	2019 £
Turnover analysed by geographical market		
Sales within the UK	23,351,667	24,966,816
Sales to rest of the world	1,142,077	871,667
	<u> </u>	<u> </u>
	24,493,744	25,838,483
	<u> </u>	<u> </u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	858	-
Government grants	(65,043)	-
Depreciation of owned tangible fixed assets	49,300	19,016
Profit on disposal of tangible fixed assets	-	(217)
Amortisation of intangible assets	500,000	500,000
	<u> </u>	<u> </u>

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	14,995	10,750

6 Employees

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

	2020 Number	2019 Number
Administrative and sales staff	8	9
Directors	1	1
Total	9	10

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	186,226	221,319
Social security costs	18,290	19,004
Pension costs	2,087	2,588
	206,603	242,911

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	-	8,424

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	7,493	5,373

Investment income includes the following:

	2020 £	2019 £
Interest on financial assets not measured at fair value through profit or loss	7,493	5,373

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

9 Interest payable and similar expenses

	2020	2019
	£	£
Other finance costs:		
Other interest	189	21
	<u> </u>	<u> </u>

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	314,013	115,263
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(1,586)	2,092
	<u> </u>	<u> </u>
Total tax charge	<u>312,427</u>	<u>117,355</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:

	2020	2019
	£	£
Profit before taxation	1,109,340	145,138
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	210,775	27,576
Tax effect of expenses that are not deductible in determining taxable profit	105,682	106,950
Permanent capital allowances in excess of depreciation	(2,462)	(19,263)
Deferred tax adjustments in respect of prior years	(1,568)	2,092
	<u> </u>	<u> </u>
Taxation charge for the year	<u>312,427</u>	<u>117,355</u>

11 Dividends

	2020	2019
	£	£
Final paid	-	35,926
	<u> </u>	<u> </u>

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

12 Intangible fixed assets

	Goodwill £	Patents £	Total £
Cost			
At 1 November 2019 and 31 October 2020	5,000,000	2,728	5,002,728
Amortisation and impairment			
At 1 November 2019	3,645,833	-	3,645,833
Amortisation charged for the year	500,000	-	500,000
At 31 October 2020	4,145,833	-	4,145,833
Carrying amount			
At 31 October 2020	854,167	2,728	856,895
At 31 October 2019	1,354,167	2,728	1,356,895

13 Tangible fixed assets

	Land and buildings leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 November 2019	1,420,699	55,468	121,099	1,597,266
Additions	8,088	-	-	8,088
At 31 October 2020	1,428,787	55,468	121,099	1,605,354
Depreciation and impairment				
At 1 November 2019	-	38,660	48,214	86,874
Depreciation charged in the year	28,557	2,521	18,222	49,300
At 31 October 2020	28,557	41,181	66,436	136,174
Carrying amount				
At 31 October 2020	1,400,230	14,287	54,663	1,469,180
At 31 October 2019	1,420,699	16,808	72,885	1,510,392

14 Stocks

	2020 £	2019 £
Finished goods and goods for resale	3,736,500	5,391,445

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

15 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	657,071	91,149
Other debtors	31,447	149,084
Prepayments and accrued income	29,960	37,670
	<u>718,478</u>	<u>277,903</u>

16 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	552,634	189,310
Corporation tax	314,013	115,228
Other taxation and social security	9,001	68,654
Other creditors	1,809,173	2,514,488
Accruals and deferred income	42,710	24,321
	<u>2,727,531</u>	<u>2,912,001</u>

17 Deferred taxation

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

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Accelerated capital allowances	<u>1,504</u>	<u>3,090</u>
Movements in the year:		2020
		£
Liability at 1 November 2019		3,090
Credit to profit or loss		(1,586)
Liability at 31 October 2020		<u>1,504</u>

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

18 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,087	2,588

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2

20 Events after the reporting date

While Covid-19 has affected the company, the company continues to trade and has excellent cash reserves to assist the company's operations during the pandemic. Overall Covid-19 has not had a material effect on the business up to the date of signing off the audit report.

21 Related party transactions

Included within other creditors is an amount owed to Swainswood Leisure Park & Spa Limited, a related party, of £972,932 (2019: £492,456).

Included within other debtors is an amount owed from Ashby Woulds LLP, a related party, of £15,494 (2019: £9,084).

Included within purchases is an amount paid to Tom Hartley Park Homes Limited, a related party, of £88,500 (2019: nil).

22 Directors' transactions

Dividends totalling £0 (2019 - £35,926) were paid in the year in respect of shares held by the company's directors.

Amounts owed to directors include £628,640 (2019: £1,139,387) owed to Mr T Hartley and £178,484 (2019: £855,685) owed to Mr C Hartley.

Land on which the showroom is built belongs to Mr T Harley, a director of the company. An informal agreement has entered into that Tom Hartley Cars Ltd can use the premises for the next 50 years.

TOM HARTLEY CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

23 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	796,913	27,783
Adjustments for:		
Taxation charged	312,427	117,355
Finance costs	189	21
Investment income	(7,493)	(5,373)
Gain on disposal of tangible fixed assets	-	(217)
Amortisation and impairment of intangible assets	500,000	500,000
Depreciation and impairment of tangible fixed assets	49,300	19,016
Movements in working capital:		
Decrease in stocks	1,654,945	2,830,954
(Increase)/decrease in debtors	(440,575)	149,167
Decrease in creditors	(383,255)	(218,067)
Cash generated from operations	2,482,451	3,420,639

24 Analysis of changes in net funds

	1 November 2019 £	Cash flows £	31 October 2020 £
Cash at bank and in hand	3,243,637	2,366,439	5,610,076

25 Auditor's liability limitation agreement

The company has, by resolution, waived the need for approval of the auditors' limitation liability, which has been set at £2,000,000 within the letter of engagement dated 13 July 2021. This approval has been confirmed in the letter of representation dated 22 October 2021.