

Company Registration No. 00624778 (England and Wales)

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

COMPANY INFORMATION

Directors	Mr A W F Prebble
Secretary	Ms D Small
Company number	00624778
Registered office	Row Ash Botley Road Shedfield Southampton Hampshire England SO32 2HL
Auditor	HJS Accountants Limited 12-14 Carlton Place Southampton Hampshire England SO15 2EA

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8 - 9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Fair review of the business

We are pleased to report that Silverlake Garage (Motor Salvage) Limited has had another profitable year. The key figures are as follows:-

- Turnover has increased overall by 8.44%.
- The gross profit percentage has decreased from 38.18% in 2019 to 36.93% this year.
- The gross profit has increased by 4.89%.
- The profit before tax has increased by 23.97% and the profit after tax has increased by 8.54%.

Future developments

The outlook for the future is optimistic, following re-confirmation of several contracts, we are however aware at the end of this year that the Covid -19 pandemic may hit overall future volumes.

The company continues to invest in improving processes and systems, whilst also maintaining its spend on advertising to ensure continuing levels of business in the future.

We are also working on the future use of recycled "greenparts" usage with insurance companies, and addressing the growth of electric vehicles usage.

Principal risks and uncertainties

These remain unchanged from previous years, but now will also be impacted by Covid -19. The ongoing impact of Covid-19 is discussed in the Directors' Report.

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and to a lesser extent local independent retailers, employee retention and product availability, and the price of scrap metal.

The company also has to consider the potential issues to the local and wider environment when conducting their business. There are stringent processes in place which mitigate the risk of non compliance in this area and the Director does not consider this a significant risk to the company.

Finally, there is continued uncertainty as to the impact that Brexit will have on the company. As the trade outside of the UK represents a small proportion of the company's activities, the Director does not consider Brexit a significant risk to the company.

On behalf of the board

Mr A W F Prebble

Director

23 December 2020

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activity of the company continued to be that of sale of used cars and light motor vehicles.

Directors

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

Mr A W F Prebble

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £846,950. The directors do not recommend payment of a final dividend.

Post reporting date events

The impact on the company subsequent to the balance sheet date as a result of the steps taken by the Government throughout 2020 to control the Covid-19 pandemic is uncertain. This is the case for the majority of businesses in the UK and around the World.

The Director does not consider that the Covid-19 pandemic has had a material impact on the company's financial position at the balance sheet date and thus no adjustments have been made to the carrying values of the company's assets and liabilities as at 31 March 2020.

Auditor

The auditors, HJS Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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 A W F Prebble

Director

23 December 2020

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 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.

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

Opinion

We have audited the financial statements of Silverlake Garage (Motor Salvage) Limited (the 'company') for the year ended 31 March 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 March 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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.

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

Use of our report

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

Angela Trainor (Senior Statutory Auditor)
for and on behalf of HJS Accountants Limited
Chartered Accountants and Statutory Auditor
12-14 Carlton Place
Southampton
Hampshire
England
SO15 2EA

23 December 2020

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	25,077,397	23,125,055
Cost of sales		(15,815,742)	(14,295,034)
Gross profit		9,261,655	8,830,021
Administrative expenses		(7,508,724)	(7,213,843)
Other operating income		86,969	96,189
Operating profit	4	1,839,900	1,712,367
Interest receivable and similar income	7	278	218
Interest payable and similar expenses	8	(48,208)	(53,099)
Fair value gains and losses on investment properties	12	303,494	30,897
Profit before taxation		2,095,464	1,690,383
Tax on profit	9	(507,340)	(227,224)
Profit for the financial year		1,588,124	1,463,159

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

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Profit for the year	1,588,124	1,463,159
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,588,124</u>	<u>1,463,159</u>

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11	5,584,680		5,345,141	
Investment properties	12	2,013,590		1,710,096	
		<u>7,598,270</u>		<u>7,055,237</u>	
Current assets					
Stocks	13	1,724,252		1,655,377	
Debtors	14	528,398		700,038	
Cash at bank and in hand		912,900		761,529	
		<u>3,165,550</u>		<u>3,116,944</u>	
Creditors: amounts falling due within one year	15	<u>(2,519,862)</u>		<u>(2,821,555)</u>	
Net current assets			645,688		295,389
Total assets less current liabilities			8,243,958		7,350,626
Creditors: amounts falling due after more than one year	16		(658,811)		(751,700)
Provisions for liabilities	19		(584,327)		(339,280)
Net assets			<u>7,000,820</u>		<u>6,259,646</u>
Capital and reserves					
Called up share capital	22		2,000		2,000
Other reserves			1,265,271		1,336,880
Profit and loss reserves			5,733,549		4,920,766
Total equity			<u>7,000,820</u>		<u>6,259,646</u>

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved and signed by the director and authorised for issue on 23 December 2020

Mr A W F Prebble

Director

Company Registration No. 00624778

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 April 2018		2,000	1,336,880	4,709,057	6,047,937
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	1,463,159	1,463,159
Dividends	10	-	-	(1,251,450)	(1,251,450)
Balance at 31 March 2019		2,000	1,336,880	4,920,766	6,259,646
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	1,588,124	1,588,124
Dividends	10	-	-	(846,950)	(846,950)
Transfers		-	(71,609)	71,609	-
Balance at 31 March 2020		2,000	1,265,271	5,733,549	7,000,820

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	28	2,584,822		2,207,160	
Interest paid		(48,208)		(53,099)	
Income taxes paid		(282,831)		(427,031)	
Net cash inflow from operating activities		2,253,783		1,727,030	
Investing activities					
Purchase of tangible fixed assets		(1,135,743)		(800,810)	
Proceeds on disposal of tangible fixed assets		64,998		70,001	
Interest received		278		218	
Net cash used in investing activities		(1,070,467)		(730,591)	
Financing activities					
Repayment of bank loans		(185,030)		(179,928)	
Payment of finance leases obligations		35		400,707	
Dividends paid		(846,950)		(1,251,450)	
Net cash used in financing activities		(1,031,945)		(1,030,671)	
Net increase/(decrease) in cash and cash equivalents		151,371		(34,232)	
Cash and cash equivalents at beginning of year		761,529		795,761	
Cash and cash equivalents at end of year		912,900		761,529	

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Silverlake Garage (Motor Salvage) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Row Ash, Botley Road, Shedfield, Southampton, Hampshire, England, SO32 2HL.

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 on 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 director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

The director has also considered the impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors. As at the point of authorising the accounts, and for the foreseeable future, the director considers the going concern assumption to still be appropriate. The director acknowledges that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the director to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time. On this basis the financial statements have been prepared on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the sale of used vehicles, vehicle parts and scrap metal. Turnover is shown net of VAT and sales discounts.

The company also receives rental income from investment properties.

Where vehicles and parts have not been sold at the period end, this is shown as stock.

1.4 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 Freehold	2% Straight line
Land and buildings Leasehold	1% Straight line
Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets. A provision is made for any impairment loss and taken to the profit and loss account.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.8 Cash and cash equivalents

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 only enters into Basic financial instrument transactions.

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.

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.

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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.

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.

Other financial liabilities

Financial assets and liabilities classified as receivable or payable within one year are not amortised.

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.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.12 Taxation

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

Current tax

The current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in the tax assessments.

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

The company's liability for current and deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.13 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.

1.14 Retirement benefits

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

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 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.

For parts stock valuation, the company has a record of the number of vehicles currently held, then they take the average weight of a car and multiply these figures together to get an total weight of all parts stock held. The total weight of the cars is then valued using the scrap value that they would receive.

For salvage stock valuation, the cars are held at cost.

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover analysed by class of business		
Used salvage	12,476,083	11,705,063
Parts	9,928,905	8,897,662
Auction	1,261,229	1,228,492
Other	196,965	202,791
Storage and recovery	1,214,215	1,091,047
	<u>25,077,397</u>	<u>23,125,055</u>
	2020 £	2019 £
Other significant revenue		
Interest income	<u>278</u>	<u>218</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	24,678,064	22,630,918
EC	399,333	494,137
	<u>25,077,397</u>	<u>23,125,055</u>

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,675	8,175
Depreciation of owned tangible fixed assets	399,504	299,496
Depreciation of tangible fixed assets held under finance leases	417,170	419,198
Loss/(profit) on disposal of tangible fixed assets	14,532	(37,749)
Operating lease charges	44,466	43,392
	<u> </u>	<u> </u>

5 Employees

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

	2020	2019
	Number	Number
Administration	6	6
Parts	51	48
Salvage	13	13
Yard	11	6
Depollution	13	13
Transport	25	23
Outside	1	1
Export	2	3
Director	1	1
	<u> </u>	<u> </u>
Total	123	114
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	3,155,294	2,964,465
Social security costs	278,799	273,520
Pension costs	61,674	35,137
	<u> </u>	<u> </u>
	3,495,767	3,273,122
	<u> </u>	<u> </u>

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6	Directors' remuneration	2020	2019
		£	£
	Remuneration for qualifying services	55,996	53,000
	Company pension contributions to defined contribution schemes	1,307	807
		<u>57,303</u>	<u>53,807</u>
7	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Interest on bank deposits	278	218
		<u>278</u>	<u>218</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	278	218
		<u>278</u>	<u>218</u>
8	Interest payable and similar expenses	2020	2019
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	16,454	22,184
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	31,754	30,915
		<u>48,208</u>	<u>53,099</u>
9	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	262,294	282,832
		<u>262,294</u>	<u>282,832</u>
	Deferred tax		
	Origination and reversal of timing differences	158,668	(55,608)
	Changes in tax rates	39,915	-
	Adjustment in respect of prior periods	46,463	-
		<u>245,046</u>	<u>(55,608)</u>
	Total deferred tax	245,046	(55,608)
		<u>245,046</u>	<u>(55,608)</u>
	Total tax charge	507,340	227,224
		<u>507,340</u>	<u>227,224</u>

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation

(Continued)

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	2,095,464	1,690,383
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	398,138	321,173
Tax effect of expenses that are not deductible in determining taxable profit	9,709	3,746
Effect of change in corporation tax rate	39,915	(46,582)
Depreciation on assets not qualifying for tax allowances	13,115	13,043
Research and development tax credit	-	(64,156)
Deferred tax adjustments in respect of prior years	46,463	-
Taxation charge for the year	507,340	227,224

10 Dividends

	2020 £	2019 £
Interim paid	846,950	1,251,450

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2019	3,792,006	17,988	3,915,608	73,743	2,046,958	9,846,303
Additions	-	-	802,819	6,780	326,144	1,135,743
Disposals	-	-	(737,410)	(18,939)	(337,323)	(1,093,672)
At 31 March 2020	3,792,006	17,988	3,981,017	61,584	2,035,779	9,888,374
Depreciation and impairment						
At 1 April 2019	711,222	17,988	2,519,012	51,266	1,201,674	4,501,162
Depreciation charged in the year	75,481	-	489,281	4,050	247,862	816,674
Eliminated in respect of disposals	-	-	(713,542)	(16,599)	(284,001)	(1,014,142)
At 31 March 2020	786,703	17,988	2,294,751	38,717	1,165,535	4,303,694
Carrying amount						
At 31 March 2020	3,005,303	-	1,686,266	22,867	870,244	5,584,680
At 31 March 2019	3,080,784	-	1,396,596	22,477	845,284	5,345,141

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

	2020 £	2019 £
Plant and machinery	801,569	806,865
Motor vehicles	751,527	739,299
	<u>1,553,096</u>	<u>1,546,164</u>

12 Investment property

	2020 £
Fair value	
At 1 April 2019	1,710,096
Net gains or losses through fair value adjustments	303,494
At 31 March 2020	<u>2,013,590</u>

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Investment property

(Continued)

Investment property is comprised of two cottages, two bungalows, a field and woodland.
The fair value of the field and woodland has been arrived at by obtaining the market value per acre on Google. The values have been adjusted using the House Price Retail Index to arrive at the value at end of the period.

13 Stocks

	2020	2019
	£	£
Raw materials and consumables	1,724,252	1,655,377

14 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	429,846	415,882
Other debtors	27,617	107,625
Prepayments and accrued income	70,935	176,531
	528,398	700,038

15 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans	17	52,858	182,035
Obligations under finance leases	18	513,518	476,447
Trade creditors		268,793	533,887
Corporation tax		262,294	282,832
Other taxation and social security		581,088	564,591
Other creditors		24,784	122,280
Accruals and deferred income		816,527	659,483
		2,519,862	2,821,555

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	-	55,853
Obligations under finance leases	18	658,811	695,847
		<u>658,811</u>	<u>751,700</u>

17 Loans and overdrafts

	2020 £	2019 £
Bank loans	52,858	237,888
	<u>52,858</u>	<u>182,035</u>
Payable within one year	52,858	182,035
Payable after one year	-	55,853
	<u>-</u>	<u>55,853</u>

The bank loans are secured by a fixed charge on the company's freehold property and investment properties, together with a fixed and floating charge over the company's assets.

The bank loans are repayable in instalments and the final repayments are due in June 2020, December 2020, and January 2021.

The rate of interest on the loans is 1.25%, 2.00%, and 2.60% above the base rate, therefore currently 1.35%, 2.10%, 2.70%.

18 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	537,735	501,721
In two to five years	678,444	714,638
	<u>1,216,179</u>	<u>1,216,359</u>
Less: future finance charges	(43,850)	(44,065)
	<u>1,172,329</u>	<u>1,172,294</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. 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 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	20	584,327	339,280

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	287,679	125,323
Retirement benefit obligations	(144)	-
Investment property	296,792	213,957
	<u>584,327</u>	<u>339,280</u>

	2020 £
Movements in the year:	
Liability at 1 April 2019	339,280
Charge to profit or loss	205,132
Effect of change in tax rate - profit or loss	39,915
	<u>584,327</u>
Liability at 31 March 2020	<u>584,327</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	61,674	35,137

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.

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
160 Ordinary of £1 each	160	160
1,740 Ordinary A of £1 each	1,740	1,740
100 Ordinary B of £1 each	100	100
	<u>2,000</u>	<u>2,000</u>

The company has three classes of Ordinary shares which carry no right to fixed income. The share classes are Ordinary, Ordinary A and Ordinary B.

The company has in issue 160 Ordinary shares of £1 each, classified as equity. These shares carry voting rights.

The company has in issue 1,740 Ordinary A shares of £1 each, classified as equity. These shares carry voting rights.

The company has in issue 100 Ordinary B shares of £1 each, classified as equity. These shares carry voting rights.

23 Financial commitments, guarantees and contingent liabilities

In both the current and prior year, there is a contingent liability regarding an import guarantee for £171,000, provided on behalf of the company by Lloyds TSB in the event that the company cannot service its obligations to a named supplier, NSA (Ventures) Limited.

24 Events after the reporting date

The impact on the company subsequent to the balance sheet date as a result of the steps taken by the Government throughout 2020 to control the Covid-19 pandemic is uncertain. This is the case for the majority of businesses in the UK and around the World.

The Director does not consider that the Covid-19 pandemic has had a material impact on the company's financial position at the balance sheet date and thus no adjustments have been made to the carrying values of the company's assets and liabilities as at 31 March 2020.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>57,303</u>	<u>53,807</u>

Other information

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

25 Related party transactions

(Continued)

NSA (Ventures) Limited - Mr A W F Prebble is a director

During the period purchases were made from the related party totalling £6,484,954 (2019: £6,339,311). At the period end the company owed the related party £21,014 (2019: £49,119).

O. Stride & Sons Limited - Mrs J Stride (Minority shareholder in Silverlake Garage (Motor Salvage) Limited) is a shareholder

During the period purchases were made from the related party totalling £627 (2019: £186). At the period end the company owed the related party £Nil (2019: £Nil).

Mr A W F Prebble – Director and shareholder

During the period the related party made advances to the company totalling £858,494 (2019: £1,351,334). The company made repayments to the related party totalling £918,649 (2019: £1,393,203). At the period end the company was owed by the related party £63,391 (2019: £3,236).

The loan is repayable on demand, with no interest being payable by the company.

26 Ultimate controlling party

The controlling party and ultimate controlling party is Mr A W F Prebble.

27 Directors' transactions

Dividends totalling £779,194 (2019 - £1,056,734) were paid in the year in respect of shares held by the company's directors.

28 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	1,588,124	1,463,159
Adjustments for:		
Taxation charged	507,340	227,224
Finance costs	48,208	53,099
Investment income	(278)	(218)
Loss/(gain) on disposal of tangible fixed assets	14,532	(37,749)
Fair value gain on investment properties	(303,494)	(30,897)
Depreciation and impairment of tangible fixed assets	816,674	718,694
Movements in working capital:		
Increase in stocks	(68,875)	(717,288)
Decrease in debtors	171,640	16,937
(Decrease)/increase in creditors	(189,049)	514,199
Cash generated from operations	<u>2,584,822</u>	<u>2,207,160</u>

SILVERLAKE GARAGE (MOTOR SALVAGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

29 Analysis of changes in net debt

	1 April 2019	Cash flows 31 March 2020	
	£	£	£
Cash at bank and in hand	761,529	151,371	912,900
Borrowings excluding overdrafts	(237,888)	185,030	(52,858)
Obligations under finance leases	(1,172,294)	(35)	(1,172,329)
	<u>(648,653)</u>	<u>336,366</u>	<u>(312,287)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.