**REGISTERED NUMBER: 00834905**

# Report of the Director and

# Financial Statements for the Year Ended 31 January 2021

# for

# J.C.Sharpe Limited

ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

# Contents of the Financial Statements for the Year Ended 31 January 2021

# Company Information
## for the Year Ended 31 January 2021

| | |
|---|---|
| **DIRECTOR:** | Mrs L Sharpe |
| **SECRETARY:** | Mrs L Sharpe |
| **REGISTERED OFFICE:** | 11 Blundells Road<br>Tiverton<br>Devon<br>EX16 4DB |
| **REGISTERED NUMBER:** | 00834905 |
| **AUDITORS:** | ASE Audit LLP<br>Statutory Auditors & Chartered Accountants<br>Rowan Court<br>Concord Business Park<br>Manchester<br>Greater Manchester<br>M22 0RR |

# Report of the Director for the Year Ended 31 January 2021

The director presents her report with the financial statements of the company for the year ended 31 January 2021.

**FUTURE DEVELOPMENTS**
The primary focus of the company will be to build up trading operations when the current lockdown is lifted with the safety of all stakeholders being paramount.

**EVENTS SINCE THE END OF THE YEAR**
Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTOR**
Mrs L Sharpe held office during the whole of the period from 1 February 2020 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**
The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is 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 director is 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 director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and she has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**
The auditors, ASE Audit LLP, will be proposed for re-appointment.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

Mrs L Sharpe - Director

28 January 2022

## Report of the Independent Auditors to the Members of J.C.Sharpe Limited

**Opinion**
We have audited the financial statements of J.C.Sharpe Limited (the 'company') for the year ended 31 January 2021 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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**
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

**Other information**
The director is responsible for the other information. The other information comprises the information in the Report of the Director, but does not include the financial statements and our Report of the Auditors 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 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 the audit:
- the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director has 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 Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

**Responsibilities of director**
As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Auditors' 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 a Report of the Auditors 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.

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, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- 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 company'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, in particular in relation to the FCA;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: bank payment processing (for personal benefit), payroll, sales processing (misappropriation of income), credit card and cash transactions, together with the valuation of used vehicle stock and presentation of non-underlying items within the financial statements. 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 framework 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, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's FCA regulatory requirements.

**Audit response to risks identified**
As a result of performing the above, we identified the impact of bank payment processing, payroll, sales processing, and credit card and cash transactions, together with the valuation of used vehicle stock and presentation of non-underlying items within the financial statements as key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement 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 concerning 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 board/management meetings and reviewing correspondence with the FCA; 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 rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

## Report of the Independent Auditors to the Members of J.C.Sharpe 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 a Report of the Auditors 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.

Robert Jones BA FCA (Senior Statutory Auditor)
for and on behalf of ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

28 January 2022

## Statement of Income and Retained Earnings for the Year Ended 31 January 2021

| | Notes | 31.1.21 £ | 31.1.20 £ |
|---|---|---|---|
| **TURNOVER** | | **4,040,709** | 6,017,412 |
| Cost of sales | | **3,530,204** | 5,255,652 |
| **GROSS PROFIT** | | **510,505** | 761,760 |
| Administrative expenses | | **700,257** | 749,918 |
| | | **(189,752)** | 11,842 |
| Other operating income | 3 | **191,487** | - |
| **OPERATING PROFIT** | | **1,735** | 11,842 |
| Interest payable and similar expenses | | **31,958** | 37,232 |
| **LOSS BEFORE TAXATION** | | **(30,223)** | (25,390) |
| Tax on loss | | **(6,052)** | (4,735) |
| **LOSS FOR THE FINANCIAL YEAR** | | **(24,171)** | (20,655) |
| Retained earnings at beginning of year | | **318,798** | 384,453 |
| Dividends | | **(33,750)** | (45,000) |
| **RETAINED EARNINGS AT END OF YEAR** | | **260,877** | 318,798 |

The notes form part of these financial statements

## Statement of Financial Position
## 31 January 2021

| | Notes | 31.1.21 £ | £ | 31.1.20 £ | £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Tangible assets | 5 | | **280,907** | | 290,060 |
| | | | | | |
| **CURRENT ASSETS** | | | | | |
| Stocks | 6 | **746,194** | | 888,638 | |
| Debtors | 7 | **58,142** | | 191,595 | |
| Cash at bank and in hand | | **53,034** | | 15,905 | |
| | | **857,370** | | 1,096,138 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 8 | **825,074** | | 1,052,710 | |
| **NET CURRENT ASSETS** | | | **32,296** | | 43,428 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **313,203** | | 333,488 |
| | | | | | |
| **CREDITORS** | | | | | |
| Amounts falling due after more than one year | 9 | | **(43,688)** | | - |
| | | | | | |
| **PROVISIONS FOR LIABILITIES** | | | **(6,638)** | | (12,690) |
| **NET ASSETS** | | | **262,877** | | 320,798 |
| | | | | | |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 12 | | **2,000** | | 2,000 |
| Retained earnings | | | **260,877** | | 318,798 |
| **SHAREHOLDERS' FUNDS** | | | **262,877** | | 320,798 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the director and authorised for issue on 28 January 2022 and were signed by:

Mrs L Sharpe - Director

## 1. STATUTORY INFORMATION

J. C. Sharpe Limited is a private company, limited by shares, registered in England & Wales. The address of the company's registered office and it's principal place of business is 11 Blundells Road, Tiverton, Devon, EX16 4DB.

The company's registered number is 00834905.

The presentational currency of the financial statements is Pound Sterling (£).

The principal activity of the company is that of a motor dealer and related services.

## 2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Going concern**
Covid-19 has caused, and will continue to cause, widespread economic disruption. Based on current bank balances and facilities, current funding and current trading, the directors believe that the company will be able to meet its debts as they fall due for the period of 12 months after the approval of these financial statements. They have therefore prepared the financial statements on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's financial accounting policies.

The following principal accounting policies have been applied:

**Significant judgements and estimates**
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

**Stock valuation**
Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass' and CAP valuation guides. The director maintains oversight of ageing stock profiles and a monthly review of any provision required is performed.

**Property, plant and equipment assets**
Property, plant and equipment are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows.

**Incentives and other rebates from brand partner**
The company receives income in the form of various incentives which are determined by its brand partner. The amount received is generally based on achieving specific objectives such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Objectives are generally set and measured on either a quarterly or annual basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

The company may also receive contributions towards advertising, promotional and rent expenditure. Where such contributions are received they are recognised as a reduction in the related expenditure in the period to which they relate.



continued...

2. **ACCOUNTING POLICIES - continued**

**Turnover**
Turnover from the sale of goods is recognised in the Statement of Income and Retained Earnings, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is accounted for on a receivable basis.

**Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|---|---|
| Freehold property | - Not provided |
| Plant and machinery | - 25% on reducing balance |
| Fixtures and fittings | - 10% on cost |
| Computer equipment | - 33% on cost |

Although the Companies Act 2006 requires all assets to be depreciated, in the director's opinion, this would result in an inappropriate carrying value of freehold property being stated in the financial statements. The director consider that the carrying value of the properties is at least equal to the residual value, hence no depreciation has been provided in the financial statements.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

**Government grants**
Furlough grant income under the Coronavirus Job Retention Scheme is accounted for in "Other operating income" on a receivable basis.

**Stocks**
Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stock.

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

**Financial instruments**
The company only has basic financial instruments, which are recognised at amortised cost.

**Taxation**
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised directly in Equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

**Deferred tax**
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

**Pension costs and other post-retirement benefits**
The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

**Borrowing costs**
All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.



continued...

2. **ACCOUNTING POLICIES - continued**

**Dividends**
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid and final dividends are recognised when approved by the shareholders.

3. **OTHER OPERATING INCOME**

| | **31.1.21** | 31.1.20 |
|---|---|---|
| | **£** | £ |
| Sundry income | **3,871** | - |
| Government grants | **187,616** | - |
| | **191,487** | - |

Government grants comprise of Coronavirus Job Retention Scheme receipts of £112,716 (2020: £nil) and Local Authority grants of £78,771 (2020: £nil). The company also benefitted from rates relief from 1 April 2020.

4. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 23 (2020 - 25 ) .

5. **TANGIBLE FIXED ASSETS**

| | **Land and buildings** | **Plant and machinery etc** | **Totals** |
|---|---|---|---|
| | **£** | **£** | **£** |
| **COST** | | | |
| At 1 February 2020 | **281,551** | **139,568** | **421,119** |
| Additions | **-** | **3,500** | **3,500** |
| At 31 January 2021 | **281,551** | **143,068** | **424,619** |
| **DEPRECIATION** | | | |
| At 1 February 2020 | **43,458** | **87,601** | **131,059** |
| Charge for year | **-** | **12,653** | **12,653** |
| At 31 January 2021 | **43,458** | **100,254** | **143,712** |
| **NET BOOK VALUE** | | | |
| At 31 January 2021 | **238,093** | **42,814** | **280,907** |
| At 31 January 2020 | 238,093 | 51,967 | 290,060 |

6. **STOCKS**

| | **31.1.21** | 31.1.20 |
|---|---|---|
| | **£** | £ |
| Vehicle stock | **707,776** | 835,973 |
| Parts and accessories | **38,418** | 52,665 |
| | **746,194** | 888,638 |

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | **31.1.21** | 31.1.20 |
|---|---|---|
| | **£** | £ |
| Trade debtors | **43,524** | 160,668 |
| Other debtors | **14,618** | 30,927 |
| | **58,142** | 191,595 |



continued...

## 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.1.21 | 31.1.20 |
|---|---|---|
| | £ | £ |
| Bank loans and overdrafts | 37,874 | - |
| Trade creditors | 669,162 | 935,767 |
| Taxation and social security | 36,558 | 43,150 |
| Other creditors | 81,480 | 73,793 |
| | 825,074 | 1,052,710 |

## 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 31.1.21 | 31.1.20 |
|---|---|---|
| | £ | £ |
| Bank loans | 43,688 | - |

Amounts falling due in more than five years:

| | | |
|---|---|---|
| Repayable by instalments | | |
| Bank loans | 3,531 | - |

## 10. LEASING AGREEMENTS

At the year end, the company had future total lease payments under non-cancellable operating leases of £21,808 (2020: £73,746).

## 11. SECURED DEBTS

Included within trade creditors is vehicle funding amounting to £541,612 (2020: £811,820). The liability is secured against the vehicles to which it relates.

## 12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31.1.21 £ | 31.1.20 £ |
|---|---|---|---|---|
| 2,000 | Ordinary | £1 | 2,000 | 2,000 |

## 13. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £32,930, (2020: £30,986). At the reporting date there were contributions of £4,005 (2020: £3,395) outstanding.

## 14. POST BALANCE SHEET EVENTS

The company continues to be impacted by the constant changes in trading restrictions due to the Covid-19 pandemic. The showrooms were allowed to re-open on 12 April 2021.

On 19 May 2021 Stellantis announced that it is to give all of its UK and European dealerships a two years' termination notice for their vehicle and aftersales franchises. The company was affected as it has the Vauxhall brand, but on 19 July 2021 received a letter of intent from Stellantis and successfully re-applied for the franchise.