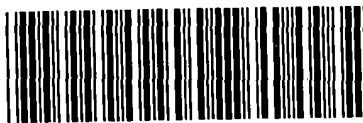


Company registration number 02457750 (England and Wales)

P P S COMMERCIALS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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P P S COMMERCIALS LIMITED

COMPANY INFORMATION

Directors	G Amos S Whitworth
Secretary	G Amos
Company number	02457750
Registered office	Pilsworth Industrial Estate Pilsworth Road Bury Lancs BL9 8RD
Auditor	Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton BL1 4QR
Bankers	Barclays Bank Plc The Wellsprings Victoria Square Bolton BL1 1BY

P P S COMMERCIALS LIMITED

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PPS COMMERCIALS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

The results of the company reflect an increase in turnover of £3.4m compared with the previous year, as the company continues to recover from Coronavirus pandemic restrictions.

The overall business performance was in line with the directors expectations during this period.

Principal risks and uncertainties

The directors consider the key risks and uncertainties affecting the company to be the availability and cost of vehicle parts.

Financial risk management objectives and policies

The company uses various financial instruments including a bank overdraft.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks.

Interest Rate Risk

The company finances its operations through a mixture of retained profits and a bank overdraft.

Credit Risk

The company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors. To help manage this risk the company has in place credit approved limits and checks.

Coronavirus Pandemic

The Coronavirus Pandemic is ongoing and we are responding to the guidelines developed by the Government and its advisors. At this stage we are unable to fully forecast the consequences however the directors believe that PPS Commercials Limited are in a strong position to face the challenges ahead, with sufficient net assets and cash at bank to meet funding requirements for the business.

Brexit

Following the UK leaving the European Union on 31 January 2020, uncertainty has increased surrounding the outlook of the UK economy. Although at present there appears to be minimal impact on consumer confidence, this uncertainty may ultimately impact on market confidence and as a result could potentially impact on the demand and price for products/services, which in turn may affect revenue, profit and cashflow.

Development and performance

The directors are focussed on effectively managing both cash flow and costs due to the impacts of COVID-19 and seeking new opportunities. There is continues focus on its core business and investment in its staff in order to deliver an effective service to all customers.

The directors are pleased to report continued profits and increased product development in the year.

Key performance indicators

The directors consider the financial key performance indicators for the company to be return on labour and gross profit margin.

Future developments

The directors expect that the company will continue to benefit from the efficiency drive in recent years and are optimistic about the potential for revenue and profit growth.

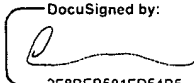
P P S COMMERCIALS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

DocuSigned by:



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G Amos

Director

Date:15/9/2022 | 4:53 PM BST

P P S COMMERCIALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company in the year under review is that of commercial vehicle repairers and body manufacturers.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £982,674. 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:

G Amos
S Whitworth

Auditor

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

Statement of directors' responsibilities

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

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

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

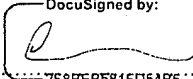
P P S COMMERCIALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

DocuSigned by:



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G Amos

Director

Date:15/9/2022 | 4:53 PM BST.....

P P S COMMERCIALS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF P P S COMMERCIALS LIMITED

Opinion

We have audited the financial statements of P P S Commercials Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 December 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

P P S COMMERCIALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF P P S COMMERCIALS 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 or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

P P S COMMERCIALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF P P S COMMERCIALS LIMITED

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Companies Act 2006, Health and Safety at Work Act and Employment Law.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

We design procedures in line with our responsibilities, outlined below to detect material misstatement due to fraud:

- Matters are discussed amongst the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- Identifying and assessing the design and effectiveness of controls that management have in place to prevent and detect fraud
- Detecting and responding to the risks of fraud following discussions with management and enquiring as to whether management have knowledge of any actual, suspected or alleged fraud;


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

P P S COMMERCIALS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF P P S COMMERCIALS 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.

DocuSigned by:

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Paul Stansfield (Senior Statutory Auditor)
For and on behalf of Cowgill Holloway LLP

Date: 15/9/2022 | 6:27 PM BST

Chartered Accountants
Statutory Auditor

Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

P P S COMMERCIALS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Turnover	3	18,732,825	15,309,867
Cost of sales		(14,106,517)	(11,244,156)
Gross profit		4,626,308	4,065,711
Administrative expenses		(3,363,068)	(2,694,303)
Other operating income		-	14,372
Operating profit	4	1,263,240	1,385,780
Interest receivable and similar income	7	17,522	28,583
Interest payable and similar expenses	8	(6,463)	(4,441)
Profit before taxation		1,274,299	1,409,922
Tax on profit	9	(73,425)	(21,011)
Profit for the financial year		1,200,874	1,388,911

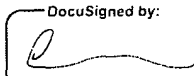
The profit and loss account has been prepared on the basis that all operations are continuing operations.

P P S COMMERCIALS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		735,122		603,364
Current assets					
Stocks	12	3,583,406		1,554,972	
Debtors	13	3,453,205		4,468,506	
Cash at bank and in hand		6,642		193,857	
		<u>7,043,253</u>		<u>6,217,335</u>	
Creditors: amounts falling due within one year	14	<u>(4,851,208)</u>		<u>(4,291,372)</u>	
Net current assets			<u>2,192,045</u>		<u>1,925,963</u>
Total assets less current liabilities			<u>2,927,167</u>		<u>2,529,327</u>
Creditors: amounts falling due after more than one year	15		(166,918)		(61,547)
Provisions for liabilities					
Deferred tax liability	18	<u>146,988</u>		<u>72,719</u>	
			<u>(146,988)</u>		<u>(72,719)</u>
Net assets			<u>2,613,261</u>		<u>2,395,061</u>
Capital and reserves					
Called up share capital	20		99		99
Profit and loss reserves			<u>2,613,162</u>		<u>2,394,962</u>
Total equity			<u>2,613,261</u>		<u>2,395,061</u>

The financial statements were approved by the board of directors and authorised for issue on 15/9/2022 | 4:53 PM and are signed on its behalf by:

DocuSigned by:



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G Amos

Director

Company Registration No. 02457750

P P S COMMERCIALS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020		99	2,579,953	2,580,052
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	1,388,911	1,388,911
Dividends	10	-	(1,573,902)	(1,573,902)
Balance at 31 December 2020		99	2,394,962	2,395,061
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	1,200,874	1,200,874
Dividends	10	-	(982,674)	(982,674)
Balance at 31 December 2021		99	2,613,162	2,613,261

P P S COMMERCIALS LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(147,256)		1,265,974
Interest paid			(6,463)		(4,441)
Income taxes refunded			361,478		401,252
Net cash inflow from operating activities			207,759		1,662,785
Investing activities					
Purchase of tangible fixed assets		(343,760)		(161,958)	
Proceeds on disposal of tangible fixed assets		500		30,501	
Directors Loan Account		114,301		(42,697)	
Interest received		17,522		28,583	
Net cash used in investing activities			(211,437)		(145,571)
Financing activities					
Outstanding bank loans		(166,667)		500,000	
Outstanding finance lease obligations		106,921		39,863	
Dividends paid		(982,674)		(1,573,902)	
Net cash used in financing activities			(1,042,420)		(1,034,039)
Net (decrease)/increase in cash and cash equivalents			(1,046,098)		483,175
Cash and cash equivalents at beginning of year			193,857		(289,318)
Cash and cash equivalents at end of year			(852,241)		193,857
Relating to:					
Cash at bank and in hand			6,642		193,857
Bank overdrafts included in creditors payable within one year			(858,883)		-

P P S COMMERCIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

P P S Commercials Limited is a private company limited by shares incorporated in England and Wales. The registered office is Pilsworth Industrial Estate, Pilsworth Road, Bury, Lancs, BL9 8RD.

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. 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.

The directors do not expect Brexit to have a significant impact on trade.

The financial affects of COVID-19 are uncertain however the directors are satisfied that they have taken all necessary steps to protect the company's financial position, managing restricted operations and safeguarding employees.

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 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:

Leasehold improvements	Over 10 years the period of the lease
Plant and machinery	15% Reducing balance
Computer equipment	33%/20% Straight line
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.

P P S COMMERCIALS LIMITED

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

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.6 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 cost and replacement cost, adjusted where applicable for any loss of service potential.

1.7 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.

1.8 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.

P P S COMMERCIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

P P S COMMERCIALS LIMITED

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

1 Accounting policies

(Continued)

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.

1.9 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.

1.10 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.

1.11 Taxation

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

P P S COMMERCIALS LIMITED

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

1 Accounting policies

(Continued)

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 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.

P P S COMMERCIALS LIMITED

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

1 Accounting policies

(Continued)

1.15 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.16 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

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.

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods	18,732,825	15,309,867
	<u> </u>	<u> </u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	18,732,825	15,309,867
	<u> </u>	<u> </u>
	2021 £	2020 £
Other revenue		
Interest income	17,522	28,583
Grants received	-	14,372
	<u> </u>	<u> </u>

P P S COMMERCIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**4 Operating profit**

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(14,372)
Fees payable to the company's auditor for the audit of the company's financial statements	23,175	13,550
Depreciation of owned tangible fixed assets	117,091	143,435
Depreciation of tangible fixed assets held under finance leases	91,944	38,233
Loss/(profit) on disposal of tangible fixed assets	2,467	(4,958)
Operating lease charges	333,062	267,300
	<u> </u>	<u> </u>

5 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	24,000	24,000
Company pension contributions to defined contribution schemes	64,000	64,000
	<u> </u>	<u> </u>
	<u>88,000</u>	<u>88,000</u>

6 Employees

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

	2021	2020
	Number	Number
Management	2	2
Operatives	111	98
Administration	5	5
	<u> </u>	<u> </u>
Total	<u>118</u>	<u>105</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	4,117,797	3,143,001
Social security costs	111,536	88,108
Pension costs	149,624	133,022
	<u> </u>	<u> </u>
	<u>4,378,957</u>	<u>3,364,131</u>

P P S COMMERCIALS LIMITED

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

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	17,522	28,583
	<u>17,522</u>	<u>28,583</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,240	-
Other finance costs:		
Interest on finance leases and hire purchase contracts	5,223	4,441
	<u>6,463</u>	<u>4,441</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	10,427	74,427
Adjustments in respect of prior periods	(11,271)	(63,156)
Total current tax	<u>(844)</u>	<u>11,271</u>
Deferred tax		
Origination and reversal of timing differences	74,269	9,740
	<u>74,269</u>	<u>9,740</u>
Total tax charge	<u>73,425</u>	<u>21,011</u>

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

	2021 £	2020 £
Profit before taxation	<u>1,274,299</u>	<u>1,409,922</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	242,117	267,885
Tax effect of expenses that are not deductible in determining taxable profit	18,614	3,608
Depreciation on assets not qualifying for tax allowances	12,694	12,674
Research and development tax credit	(200,000)	(263,156)
Taxation charge for the year	<u>73,425</u>	<u>21,011</u>

P P S COMMERCIALS LIMITED

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

10 Dividends

	2021 £	2020 £
Interim paid	982,674	1,573,902

Dividends were paid during the year amounting to £9,926 (2020 - £15,898) per ordinary share per annum.

11 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2021	714,702	378,281	198,785	459,188	1,750,956
Additions	34,993	358	-	308,409	343,760
Disposals	-	-	-	(18,553)	(18,553)
At 31 December 2021	749,695	378,639	198,785	749,044	2,076,163
Depreciation and impairment					
At 1 January 2021	528,072	242,070	160,948	216,502	1,147,592
Depreciation charged in the year	72,348	20,455	7,072	109,160	209,035
Eliminated in respect of disposals	-	-	-	(15,586)	(15,586)
At 31 December 2021	600,420	262,525	168,020	310,076	1,341,041
Carrying amount					
At 31 December 2021	149,275	116,114	30,765	438,968	735,122
At 31 December 2020	186,630	136,211	37,837	242,686	603,364

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

	2021 £	2020 £
Motor vehicles	387,916	195,889

12 Stocks

	2021 £	2020 £
Raw materials and consumables	1,236,499	605,127
Work in progress	2,346,907	949,845
	3,583,406	1,554,972

P P S COMMERCIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****13 Debtors**

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,536,767	3,085,627
Corporation tax recoverable	224,134	576,274
Other debtors	692,214	806,515
Prepayments and accrued income	90	90
	<u>3,453,205</u>	<u>4,468,506</u>

14 Creditors: amounts falling due within one year

	2021	2020
	£	£
	Notes	
Bank loans and overdrafts	16	1,192,216
Obligations under finance leases	17	67,478
Trade creditors		2,700,349
Corporation tax		167,802
Other taxation and social security		220,789
Other creditors		127,818
Accruals and deferred income		374,756
		<u>4,851,208</u>
		<u>4,291,372</u>

15 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
	Notes	
Obligations under finance leases	17	166,918
		<u>61,547</u>

16 Loans and overdrafts

	2021	2020
	£	£
Bank loans	333,333	500,000
Bank overdrafts	858,883	-
	<u>1,192,216</u>	<u>500,000</u>
Payable within one year	<u>1,192,216</u>	<u>500,000</u>

Bank borrowings are secured by way of limited guarantees provided by Steven Spencer Whitworth and Gary John Amos.

P P S COMMERCIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****17 Finance lease obligations**

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	67,478	65,928
In two to five years	166,918	61,547
	<u>234,396</u>	<u>127,475</u>

Finance lease payments represent rentals payable by the company for motor vehicles. 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.

Net obligations under finance leases are secured on the assets to which they relate.

18 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	Liabilities
	2021	2020
	£	£
Balances:		
ACAs	146,988	72,719
	<u>146,988</u>	<u>72,719</u>
Movements in the year:		2021
		£
Liability at 1 January 2021		72,719
Charge to profit or loss		74,269
		<u>146,988</u>
Liability at 31 December 2021		<u>146,988</u>

19 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	149,624	133,022
	<u>149,624</u>	<u>133,022</u>

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.

P P S COMMERCIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**20 Share capital**

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
99 Ordinary shares of £1 each	99	99

21 Operating lease commitments**Lessee**

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

	2021	2020
	£	£
Within one year	30,000	235,000

22 Directors' transactions

Dividends totalling £982,674 (2020: £1,573,902) were paid in the year in respect of shares held by the company's directors and spouses.

23 Ultimate controlling party

Throughout the year the company has been controlled by G Amos and S Whitworth, by way of their directorships and shareholdings.

24 Cash (absorbed by)/generated from operations

	2021	2020
	£	£
Profit for the year after tax	1,200,874	1,388,911
Adjustments for:		
Taxation charged	73,425	21,011
Finance costs	6,463	4,441
Investment income	(17,522)	(28,583)
Loss/(gain) on disposal of tangible fixed assets	2,467	(4,958)
Depreciation and impairment of tangible fixed assets	209,035	181,668
Movements in working capital:		
(Increase)/decrease in stocks	(2,028,434)	42,491
Decrease/(increase) in debtors	548,860	(556,092)
(Decrease)/increase in creditors	(142,424)	217,085
Cash (absorbed by)/generated from operations	(147,256)	1,265,974

P P S COMMERCIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**25 Analysis of changes in net debt**

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	193,857	(187,215)	6,642
Bank overdrafts	-	(858,883)	(858,883)
	<u>193,857</u>	<u>(1,046,098)</u>	<u>(852,241)</u>
Borrowings excluding overdrafts	(500,000)	166,667	(333,333)
Obligations under finance leases	(127,475)	(106,921)	(234,396)
	<u>(433,618)</u>	<u>(986,352)</u>	<u>(1,419,970)</u>