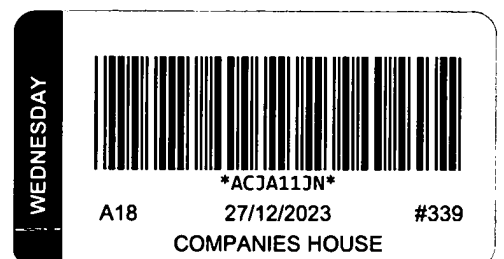


Company registration number 05672914 (England and Wales)

**HOUSTON MOTOR CARS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**



# HOUSTON MOTOR CARS LIMITED

## COMPANY INFORMATION

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<b>Director</b>	S P Gregg
<b>Company number</b>	05672914
<b>Registered office</b>	The Foundry 26 High Street Bramley Guildford Surrey GU5 0HB
<b>Auditor</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
<b>Business address</b>	The Foundry 26 High Street Bramley Guildford Surrey GU5 0HB

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# HOUSTON MOTOR CARS LIMITED

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# HOUSTON MOTOR CARS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

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The director presents the strategic report for the year ended 31 March 2023.

### **Fair Review of the Business**

Houston Motor Cars Limited is a leading "supercar Dealer" in which customers are at the heart of everything the company does. The Directors believe that the company's long-term sustainability is driven by understanding the customer needs and acting in their best interests. Part of the ethos throughout the business is to continue meeting the customer's expectations in delivering a first-class service.

The business has seen a slight decrease in trading compared to prior year's performance. This has decreased by 8% on unit sales equating to a £2m reduction in turnover however profitability per unit stays strong. The constraints in the economy with inflation at a record high and interest rates continuing to rise has been a contributing factor in slowing the market. At the same time, those same headwinds have caused an increase in the overheads of the business with administrative expenses increasing by 20%. The combination of reduced sales and increased costs has resulted in the company recording a loss for the year ended 31 March 2023. The director and 100% shareholder has the resources and appetite to support the company through this challenging period.

The senior management continue to put a large emphasis on purchasing the right stock that fits the profile of Bramley motor cars. The strategy implemented from 2022 has been successful and this will continue into 2023. Strong accounting controls continue to assist the operational decision making.

The business will continue to look at ways of increasing its performance in sales, especially with a focal point in the middle prestige sector along and with the hybrid/Electric Vehicle sector which will complement the luxury supercars. Long term sustainability with the continued emphasis on cost control will ensure the business continues to be profitable.

### **Principal Risks and Uncertainties**

The key risks are principally the competitiveness of the UK and European market. Sales opportunities are continually evaluated to the current market and economic climate.

As with all industry sectors, general economic conditions, customer preference and competitors may have an adverse effect on the company's result, however the growth from our increasing customer base should mitigate any volatility.

### **Key Performance indicators**

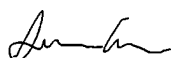
The management team analyse various key performance indicators as part of their overall strategic review however have identified the following as important.

Sales Performance versus Budget and prior years along with quality statistics. Alongside this is Sales Performance Versus main competitors in the Supercar market sector

### **Future developments**

The strategy moving forward into 2023/24 is to ensure that the business builds upon its profitability. The management follow a continuous review of the performance of the company through monthly meetings and action plans are developed and reviewed on an ongoing basis.

On behalf of the board



.....  
S P Gregg

**Director**

22/12/2023

Date: .....

# HOUSTON MOTOR CARS LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The director presents his annual report and financial statements for the year ended 31 March 2023.

#### **Principal activities**

The principal activity of the company continued to be that of the sale of prestige motor vehicles.

#### **Results and dividends**

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

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

#### **Director**

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

S P Gregg

#### **Financial instruments**

##### ***Liquidity risk***

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### ***Interest rate risk***

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

##### ***Credit risk***

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Statement of director's responsibilities**

The director is responsible for preparing the annual report 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 he 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 them to ensure that the financial statements comply with the Companies Act 2006. He 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.

# HOUSTON MOTOR CARS LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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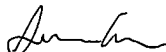
### **Matters addressed in the strategic report**

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

### **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



.....  
S P Gregg  
**Director**

Date: 22/12/2023  
.....

# HOUSTON MOTOR CARS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF HOUSTON MOTOR CARS LIMITED

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#### Opinion

We have audited the financial statements of Houston Motor Cars Limited (the 'company') for the year ended 31 March 2023 which comprise 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 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 March 2023 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 *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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

# HOUSTON MOTOR CARS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF HOUSTON MOTOR CARS LIMITED

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#### **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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, 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 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 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.

#### **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.

#### **Extent to which the audit was considered capable of detecting irregularities including fraud**

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

#### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- 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,
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, and industry specialists 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 valuation of used vehicle stocks. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.



# HOUSTON MOTOR CARS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF HOUSTON MOTOR CARS LIMITED

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We also obtained an understanding of the legal and regulatory frameworks the company operates in, focussing 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 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.

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 and those charged with governance concerning actual and potential litigation claims;
- in addressing the risk of fraud through inappropriate valuation of used vehicle inventory, assessing net realisable value of stock items sold after the year end was above cost or assessing their value with reference to third party data sources if unsold;
- in assessing the risk of fraud through management override of controls and assessing whether judgements made in making accounting estimates are indicative of potential bias.
- in assessing the risk of fraud through management override of controls, testing the appropriateness of journal entries and assessing whether judgements made in making accounting estimates are indicative of potential bias.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

#### Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

*Paul Daly*

**Paul Daly BEng FCA**  
**Senior Statutory Auditor**  
**For and on behalf of UHY Hacker Young Manchester LLP**

Date: 22/12/2023

**Chartered Accountants**  
**Statutory Auditor**

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

# HOUSTON MOTOR CARS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	13,502,698	15,557,864
Cost of sales		(12,888,702)	(14,678,914)
<b>Gross profit</b>		<b>613,996</b>	<b>878,950</b>
Administrative expenses		(656,070)	(544,803)
Other operating income		-	15,319
Exceptional item	4	-	(40,000)
<b>Operating (loss)/profit</b>	5	<b>(42,074)</b>	<b>309,466</b>
Interest payable and similar expenses	9	(255,998)	(164,569)
<b>(Loss)/profit before taxation</b>		<b>(298,072)</b>	<b>144,897</b>
Tax on (loss)/profit	8	-	-
<b>(Loss)/profit for the financial year</b>		<b>(298,072)</b>	<b>144,897</b>

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

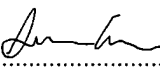
# HOUSTON MOTOR CARS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	11		1,947,119		1,969,764
<b>Current assets</b>					
Stocks	12	3,173,339		4,348,053	
Debtors	13	126,398		27,340	
Cash at bank and in hand		1,000		1,000	
		<u>3,300,737</u>		<u>4,376,393</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(4,964,932)</u>		<u>(4,241,940)</u>	
<b>Net current (liabilities)/assets</b>			<u>(1,664,195)</u>		<u>134,453</u>
<b>Total assets less current liabilities</b>			282,924		2,104,217
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(27,500)</u>		<u>(1,550,721)</u>
<b>Net assets</b>			<u>255,424</u>		<u>553,496</u>
<b>Capital and reserves</b>					
Called up share capital	18	3,422,377		3,422,377	
Other reserves		-		126,134	
Profit and loss reserves	20	<u>(3,166,953)</u>		<u>(2,995,015)</u>	
<b>Total equity</b>			<u>255,424</u>		<u>553,496</u>

The financial statements were approved and signed by the director and authorised for issue on 22/12/2023



S P Gregg  
Director

Company registration number 05672914 (England and Wales)

# HOUSTON MOTOR CARS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 April 2021</b>	3,422,377	224,822	(3,238,600)	408,599
<b>Year ended 31 March 2022:</b>				
Profit and total comprehensive income	-	-	144,897	144,897
Transfers	-	-	98,688	98,688
Other movements	-	(98,688)	-	(98,688)
<b>Balance at 31 March 2022</b>	3,422,377	126,134	(2,995,015)	553,496
<b>Year ended 31 March 2023:</b>				
Loss and total comprehensive income	-	-	(298,072)	(298,072)
Transfers	-	-	126,134	126,134
Other movements	-	(126,134)	-	(126,134)
<b>Balance at 31 March 2023</b>	<u>3,422,377</u>	<u>-</u>	<u>(3,166,953)</u>	<u>255,424</u>

# HOUSTON MOTOR CARS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	23		492,391		(712,452)
Interest paid			(129,865)		(65,881)
<b>Net cash inflow/(outflow) from operating activities</b>			362,526		(778,333)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(31,374)		(143,375)	
<b>Net cash used in investing activities</b>			(31,374)		(143,375)
<b>Financing activities</b>					
Increases/(decreases) in stock financing loan		(684,315)		486,606	
Repayment of borrowings		4,113		8,493	
Repayment of bank loans		(10,000)		(2,500)	
<b>Net cash (used in)/generated from financing activities</b>			(690,202)		492,599
<b>Net decrease in cash and cash equivalents</b>			(359,050)		(429,109)
Cash and cash equivalents at beginning of year			(23,112)		405,997
<b>Cash and cash equivalents at end of year</b>			(382,162)		(23,112)
<b>Relating to:</b>					
Cash at bank and in hand			1,000		1,000
Bank overdrafts included in creditors payable within one year			(383,162)		(24,112)

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### Company information

Houston Motor Cars Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Foundry, 26 High Street, Bramley, Guildford, Surrey, GU5 0HB.

##### 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

During the year the company recorded a loss of £298,072. The company had net assets of £255,424. The director has continued to support the company, and he has confirmed his willingness and commitment to continue to provide support as required to enable the company to meet its liabilities as they fall due and to continue as a going concern.

The company is operating within its agreed overdraft facility. The director has received confirmation that the overdraft facility is not due for review until 31 July 2024. The director is satisfied that the company will be able to continue to trade within the facilities available.

On the basis that the director will continue to provide sufficient working capital for the company to meet its liabilities as they fall due and the renewal of the bank overdraft facility, these financial statements are prepared on a going concern basis.

##### 1.3 Turnover

Turnover is measured at fair value of the consideration received for vehicles sold during the financial period, net of trade discounts and VAT. Turnover is recognised at the point that the title is passed.

##### 1.4 Intangible fixed assets - goodwill

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

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

##### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Website	Over 3 years
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#### 1.6 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 basis:

Freehold land and buildings	Buildings 2% on cost
Equipment	10% on cost
Motor vehicles	20% on cost

Freehold land is not depreciated.

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.

#### 1.7 Impairment of fixed assets

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

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.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow-moving stocks.

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.

#### 1.9 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.

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **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.



# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 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.

#### **Derecognition of financial liabilities**

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

#### 1.11 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.

#### 1.12 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

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

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

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### 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.

##### 1.14 Retirement benefits

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

##### 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.

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

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### Useful lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

##### Stock valuation

The estimated selling price is reviewed for each individual stock item and the director assesses the need for any specific provisions depending on the market conditions or condition of the individual stock item.

#### 3 Turnover and other revenue

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

	2023 £	2022 £
<b>Turnover analysed by class of business</b>		
Sales of goods	13,502,698	15,557,864

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

<b>3</b>	<b>Turnover and other revenue</b>	<b>(Continued)</b>	
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	<b>Turnover analysed by geographical market</b>		
	UK	13,502,698	14,922,864
	Rest of the world	-	635,000
		<u>13,502,698</u>	<u>15,557,864</u>
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	<b>Other revenue</b>		
	Grants received	-	15,319
		<u>-</u>	<u>15,319</u>
<b>4</b>	<b>Exceptional item</b>	<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	<b>Expenditure</b>		
	Provision against motor vehicle undergoing restoration	-	40,000
		<u>-</u>	<u>40,000</u>
<b>5</b>	<b>Operating (loss)/profit</b>	<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Government grants	-	(15,319)
	Fees payable to the company's auditor for the audit of the company's financial statements	12,100	8,926
	Depreciation of owned tangible fixed assets	54,019	32,930
		<u>54,019</u>	<u>32,930</u>
<b>6</b>	<b>Employees</b>		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		<b>2023</b>	<b>2022</b>
		<b>Number</b>	<b>Number</b>
	Administration and support	6	6
		<u>6</u>	<u>6</u>

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	187,150	189,820
Social security costs	30,284	28,427
Pension costs	8,374	7,361
	<u>225,808</u>	<u>225,608</u>

### 7 Director's remuneration

	2023 £	2022 £
Remuneration for qualifying services	<u>8,646</u>	<u>7,956</u>

### 8 Taxation

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

	2023 £	2022 £
(Loss)/profit before taxation	<u>(298,072)</u>	<u>144,897</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(56,634)	27,530
Tax effect of expenses that are not deductible in determining taxable profit	-	19,839
Permanent capital allowances in excess of depreciation	-	4,500
Other tax adjustments	1,169	-
Tax losses	-	(51,869)
Remeasurement of deferred tax due to change in rates	(17,885)	-
Movement in deferred tax not recognised	73,350	-
	<u>-</u>	<u>-</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 9 Interest payable and similar expenses

	2023 £	2022 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest on financial liabilities	126,134	98,688
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	-	535
Other interest	129,864	65,346
	<u>255,998</u>	<u>164,569</u>

### 10 Intangible fixed assets

	Goodwill £	Website £	Total £
<b>Cost</b>			
At 1 April 2022 and 31 March 2023	666,475	64,151	730,626
<b>Amortisation and impairment</b>			
At 1 April 2022 and 31 March 2023	666,475	64,151	730,626
<b>Carrying amount</b>			
At 31 March 2023	-	-	-
At 31 March 2022	-	-	-

### 11 Tangible fixed assets

	Freehold land and buildings £	Equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2022	2,327,906	268,279	41,627	2,637,812
Additions	-	31,374	-	31,374
At 31 March 2023	2,327,906	299,653	41,627	2,669,186
<b>Depreciation and impairment</b>				
At 1 April 2022	448,744	177,677	41,627	668,048
Depreciation charged in the year	32,075	21,944	-	54,019
At 31 March 2023	480,819	199,621	41,627	722,067
<b>Carrying amount</b>				
At 31 March 2023	1,847,087	100,032	-	1,947,119
At 31 March 2022	1,879,162	90,602	-	1,969,764

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 12 Stocks

	2023 £	2022 £
Work in progress	335,054	335,023
Finished goods and goods for resale	2,838,285	4,013,030
	<u>3,173,339</u>	<u>4,348,053</u>

During the year stocks were impaired by £159,180 (2022: £40,000).

Included in stock is £2,115,181 (2022: £2,799,496) secured by funding and included within creditors.

### 13 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,042	2,998
Prepayments and accrued income	124,356	24,342
	<u>126,398</u>	<u>27,340</u>

### 14 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	16	393,162	34,112
Other borrowings	16	2,115,181	2,799,496
Trade creditors		682,795	1,132,992
Taxation and social security		30,007	35,364
Other creditors		1,723,231	214,522
Accruals and deferred income		20,556	25,454
		<u>4,964,932</u>	<u>4,241,940</u>

The bank overdraft is secured by a first legal mortgage over the two properties owned by the company, a mortgage debenture incorporating a specific charge over book debts, and a personal guarantee of £300,000 provided by the director S P Gregg.

Other borrowings represent a stock financing loan which is secured on the related motor vehicles held in stock. The loan is repayable on demand.

Included in creditors: amounts due within one year is amounts in respect of the coronavirus business interruption loan scheme (CBILS) of £10,000 (2022: £10,000) and included in creditors: amounts due after one year is £27,500 (2022: £37,500). The loan is being repaid in quarterly instalments of £2,500.

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 15 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	16	27,500	37,500
Other borrowings	16	-	1,513,221
		<u>27,500</u>	<u>1,550,721</u>

### 16 Loans and overdrafts

	2023 £	2022 £
Bank loans	37,500	47,500
Bank overdrafts	383,162	24,112
Other loans	2,115,181	4,312,717
	<u>2,535,843</u>	<u>4,384,329</u>
Payable within one year	2,508,343	2,833,608
Payable after one year	<u>27,500</u>	<u>1,550,721</u>

### 17 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	<u>8,374</u>	<u>7,361</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.

### 18 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>3,422,377</u>	<u>3,422,377</u>	<u>3,422,377</u>	<u>3,422,377</u>

Each share is entitled to one vote in any circumstance and has equal rights to dividends.

### 19 Other reserves

Other reserves represent imputed interest recognised under FRS 102 paragraph 11.13. This reserve unwinds as the loan matures.

# HOUSTON MOTOR CARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 20 Profit and loss reserves

Profit and loss reserves contains the accumulated profits and losses of the company less any distributions made to shareholders.

#### 21 Directors' transactions

During the year the company sold goods to S P Gregg of £236,716 (2022: £256,801) and purchased goods from S P Gregg of £407,000 (2022: £2,316,558).

At the year end trade creditors includes £466,890 (2022: £506,485) owed to S P Gregg.

At the year end S P Gregg is owed £1,637,333 (2022: £1,744,071) by the company.

#### 22 Ultimate controlling party

The company is under the control of S P Gregg due to his holding of 100% of the share capital of the company.

#### 23 Cash generated from/(absorbed by) operations

	2023 £	2022 £
(Loss)/profit for the year after tax	(298,072)	144,897
<b>Adjustments for:</b>		
Finance costs	255,998	164,569
Notional interest on director's loan account	(126,133)	(98,688)
Depreciation and impairment of tangible fixed assets	54,019	32,930
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	1,174,714	(808,791)
(Increase)/decrease in debtors	(99,058)	4,585
Decrease in creditors	(469,077)	(151,954)
<b>Cash generated from/(absorbed by) operations</b>	<b>492,391</b>	<b>(712,452)</b>

#### 24 Analysis of changes in net debt

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	1,000	-	1,000
Bank overdrafts	(24,112)	(359,050)	(383,162)
	(23,112)	(359,050)	(382,162)
Borrowings excluding overdrafts	(4,360,217)	2,207,536	(2,152,681)
	(4,383,329)	1,848,486	(2,534,843)