

Registration number: 06976428

TUSTAIN MOTORS LIMITED
Annual Report and Financial Statements
for the Year Ended 31 December 2021

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Tustain Motors Limited

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Tustain Motors Limited

Company Information

Directors	Brian Baxter David Storey
Registered office	13 Freeman Way North Seaton Industrial Estate Ashington Northumberland NE63 0YB
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Tustain Motors Limited

Strategic Report for the Year Ended 31 December 2021

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

Principal activity

The principal activity of the company is that of the operation of motor dealerships.

Fair review of the business

The directors are pleased with the overall performance of the business during the year.

The financial statements report the results of trade from motor dealerships acquired since 2010. The group structure has been set up to facilitate the acquisition of further dealerships providing the geographical location of potential targets is beneficial to the running and welfare of the company.

As a motor dealer, the company deals in new vehicles, used vehicles, mechanical service and repair, accident damage and repair and sells spare vehicle parts. This has been a good year for the company which has seen a good level of turnover and strong profitability. Turnover increased by 23.9% to £36.7m from 2020. Operating profit increased from £867k in 2020 to £1,808k in 2021.

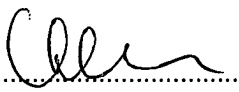
The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Turnover	£	36,748,693	29,661,031
Gross profit %	%	15	14
Operating profit %	%	5	3

Principal risks and uncertainties

As for many businesses of our size, the business environment in which we operate continues to be challenging. The new vehicle car market in the UK continues to be highly competitive with the tightening of margins year on year. The business is subject to consumer spending patterns and consumers overall level of disposable income. The directors, however, remain confident that the business will continue to progress throughout 2022.

Approved and authorised by the Board on 20/07/22 and signed on its behalf by:


.....
David Storey
Director

Tustain Motors Limited

Directors' Report for the Year Ended 31 December 2021

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

Directors of the company

The directors who held office during the year were as follows:

John Tustain (resigned 9 December 2021)
Brian Baxter
David Storey

Dividends

Dividends totalling £1,650,000 (2020 - £120,000) were paid during the year.

Financial instruments

Objectives and policies

The company finances its activities with a combination of cash and short term deposits and a working capital facility provided by the parent company. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Credit risk, liquidity risk and cash flow risk

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Company policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The company also utilises insurance policies to protect against non-payment of debt. The company does not consider that it is materially exposed to credit risk.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. The company actively manages its cash flow position including collection of debts and timely payment of creditors. This, coupled with the strong cash position of the Company is deemed sufficient to minimise the Company's exposure to cash flow and liquidity risk.

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years. They consider that the next year will show a further significant growth in sales from continuing operations. In addition, the company's directors continue to review and consider further growth through acquisitions of other motor dealerships.

Tustain Motors Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations and group banking facilities. The company also has the continued financial support of its parent company and its shareholders.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the continued impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

The forecasts support the ability of the company to remain a going concern and to be able to trade and meets its debts as they fall due.

The directors believe that there is no material uncertainty in relation to going concern and that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing the financial statements. Therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 20/07/22 and signed on its behalf by:



David Storey
Director

Tustain Motors Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Tustain Motors Limited

Independent Auditor's Report to the Members of Tustain Motors Limited

Opinion

We have audited the financial statements of Tustain Motors Limited (the 'company') for the year ended 31 December 2021, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 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 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 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.

Tustain Motors Limited

Independent Auditor's Report to the Members of Tustain Motors Limited (continued)

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 the audit:

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), 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.

Tustain Motors Limited

Independent Auditor's Report to the Members of Tustain Motors Limited (continued)

Auditor 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:

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to stock provisions; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

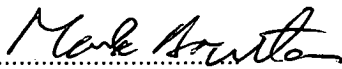
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Tustain Motors Limited

Independent Auditor's Report to the Members of Tustain Motors Limited (continued)

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.



Mark Brunton BSc FCA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date:.....20.7.2022

Azets Audit Services is a trading name of Azets Audit Services Limited

Tustain Motors Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	36,748,693	29,661,031
Cost of sales		<u>(31,194,334)</u>	<u>(25,610,917)</u>
Gross profit		5,554,359	4,050,114
Administrative expenses		(3,860,339)	(3,731,580)
Other operating income	4	<u>114,356</u>	<u>548,091</u>
Operating profit	5	1,808,376	866,625
Interest payable and similar expenses	6	<u>(5,799)</u>	<u>(12,356)</u>
Profit before tax		1,802,577	854,269
Taxation	9	<u>(370,039)</u>	<u>(181,751)</u>
Profit for the financial year		<u><u>1,432,538</u></u>	<u><u>672,518</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 26 form an integral part of these financial statements.


Tustain Motors Limited

(Registration number: 06976428)

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	195,514	235,294
Tangible assets	11	<u>882,321</u>	<u>783,240</u>
		<u>1,077,835</u>	<u>1,018,534</u>
Current assets			
Stocks	12	4,947,593	5,648,051
Debtors	13	658,278	1,287,615
Cash at bank and in hand		<u>-</u>	<u>133,814</u>
		5,605,871	7,069,480
Creditors: Amounts falling due within one year	14	<u>(5,156,585)</u>	<u>(6,401,607)</u>
Net current assets		<u>449,286</u>	<u>667,873</u>
Total assets less current liabilities		1,527,121	1,686,407
Provisions for liabilities	16	<u>(143,792)</u>	<u>(85,616)</u>
Net assets		<u>1,383,329</u>	<u>1,600,791</u>
Capital and reserves			
Called up share capital	18	625,000	625,000
Profit and loss account	19	<u>758,329</u>	<u>975,791</u>
Total equity		<u>1,383,329</u>	<u>1,600,791</u>

Approved and authorised by the Board on 20/07/21 and signed on its behalf by:



 David Storey
 Director

The notes on pages 13 to 26 form an integral part of these financial statements.

Tustain Motors Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2020	625,000	423,273	1,048,273
Profit for the year	-	672,518	672,518
Total comprehensive income	-	672,518	672,518
Dividends	-	(120,000)	(120,000)
At 31 December 2020	625,000	975,791	1,600,791

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2021	625,000	975,791	1,600,791
Profit for the year	-	1,432,538	1,432,538
Total comprehensive income	-	1,432,538	1,432,538
Dividends	-	(1,650,000)	(1,650,000)
At 31 December 2021	625,000	758,329	1,383,329

The notes on pages 13 to 26 form an integral part of these financial statements.

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is 13 Freeman Way, North Seaton Industrial Estate, Ashington, Northumberland, NE63 0YB.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are prepared in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Name of parent of group

These financial statements are consolidated in the financial statements of J B Tustain Motors Holdings Limited.

The financial statements of J B Tustain Motors Holdings Limited may be obtained from 13 Freeman Way, North Seaton Industrial Estate, Ashington, Northumberland, NE63 0YB.

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations and group banking facilities. The company also has the continued financial support of its parent company and its shareholders.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the continued impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

The forecasts support the ability of the company to remain a going concern and to be able to trade and meets its debts as they fall due.

The directors believe that there is no material uncertainty in relation to going concern and that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing the financial statements. Therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £882,321 (2020 - £783,240).

Stock Provision - The company has made an assumption of writing down the value of stock on items in which they expect the cost to exceed the net realisable value before it is fully sold/utilised. This assumption has involved looking at the historic sales patterns and expected future sales.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continual managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 grant 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.

Government grants included within other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme during the Covid-19 pandemic.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	10% straight line
Plant and machinery	10% - 33% straight line
Fixtures and fittings	10% straight line
Computer equipment	25% straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10 years

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

The company recognises consignment stock in its balance sheet when there has been a substantial transfer of the risks and rewards of ownership. The related liabilities are included within trade creditors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods	36,471,004	29,451,482
Other revenue	277,689	209,549
	<u>36,748,693</u>	<u>29,661,031</u>

The analysis of the company's turnover for the year by market is as follows:

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Revenue (continued)

	2021 £	2020 £
UK	<u>36,748,693</u>	<u>29,661,031</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	108,356	519,591
Miscellaneous other operating income	<u>6,000</u>	<u>28,500</u>
	<u>114,356</u>	<u>548,091</u>

5 Operating profit

Arrived at after charging/(crediting):

	2021 £	2020 £
Depreciation expense	187,257	190,056
Amortisation expense	39,780	81,388
Write-down of stocks to net realisable value	-	(928)
Operating lease expense - property	408,508	366,319
Loss on disposal of property, plant and equipment	<u>19,102</u>	<u>-</u>

6 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	5,799	10,481
Interest expense on other finance liabilities	<u>-</u>	<u>1,875</u>
	<u>5,799</u>	<u>12,356</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	2,329,647	2,471,603
Social security costs	282,213	222,558
Other short-term employee benefits	11,920	6,790
Pension costs, defined contribution scheme	<u>72,582</u>	<u>64,409</u>
	<u>2,696,362</u>	<u>2,765,360</u>

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Directors, direct and indirect staff	<u>94</u>	<u>101</u>

No director received any remuneration through the company.

8 Auditor's remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>12,600</u>	<u>12,000</u>
Other fees to auditors		
Taxation compliance services	<u>1,250</u>	<u>1,250</u>

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	311,863	169,596
UK corporation tax adjustment to prior periods	-	(23,090)
	<u>311,863</u>	<u>146,506</u>
Deferred taxation		
Arising from origination and reversal of timing differences	23,666	1,283
Arising from changes in tax rates and laws	34,510	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	33,962
	<u>58,176</u>	<u>35,245</u>
Total deferred taxation	<u>58,176</u>	<u>35,245</u>
Tax expense in the income statement	<u><u>370,039</u></u>	<u><u>181,751</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>1,802,577</u>	<u>854,269</u>
Corporation tax at standard rate	342,490	162,311
Increase from effect of different UK tax rates on some earnings	34,510	9,922
Effect of revenues exempt from taxation	(1,140)	(14,282)
Effect of expense not deductible in determining taxable profit (tax loss)	1,850	321
Decrease from effect of tax incentives	(12,670)	-
Increase in UK and foreign current tax from adjustment for prior periods	-	10,872
Tax increase from effect of capital allowances and depreciation	8,467	12,613
Tax decrease arising from group relief	(3,468)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(6)
Total tax charge	<u><u>370,039</u></u>	<u><u>181,751</u></u>

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Short term timing differences	-
Fixed asset timing differences	143,792
	<u>143,792</u>
	<u>143,792</u>
2020	
Short term timing differences	(51)
Fixed asset timing differences	85,667
	<u>85,616</u>
	<u>85,616</u>

10 Intangible assets

	Goodwill £
Cost or valuation	
At 1 January 2021	798,686
At 31 December 2021	<u>798,686</u>
Amortisation	
At 1 January 2021	563,392
Amortisation charge	39,780
At 31 December 2021	<u>603,172</u>
Carrying amount	
At 31 December 2021	<u>195,514</u>
At 31 December 2020	<u>235,294</u>

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Tangible assets

	Leasehold improvements £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2021	407,002	338,745	942,593	82,414	11,083	1,781,837
Additions	59,659	67,312	118,697	10,273	49,500	305,441
Disposals	<u>(10,295)</u>	<u>(13,911)</u>	<u>(4,360)</u>	<u>-</u>	<u>-</u>	<u>(28,566)</u>
At 31 December 2021	<u>456,366</u>	<u>392,146</u>	<u>1,056,930</u>	<u>92,687</u>	<u>60,583</u>	<u>2,058,712</u>
Depreciation						
At 1 January 2021	194,654	183,170	566,865	46,425	7,483	998,597
Charge for the year	41,520	32,424	93,519	18,144	1,650	187,257
Eliminated on disposal	<u>(1,973)</u>	<u>(3,506)</u>	<u>(3,984)</u>	<u>-</u>	<u>-</u>	<u>(9,463)</u>
At 31 December 2021	<u>234,201</u>	<u>212,088</u>	<u>656,400</u>	<u>64,569</u>	<u>9,133</u>	<u>1,176,391</u>
Carrying amount						
At 31 December 2021	<u>222,165</u>	<u>180,058</u>	<u>400,530</u>	<u>28,118</u>	<u>51,450</u>	<u>882,321</u>
At 31 December 2020	<u>212,348</u>	<u>155,575</u>	<u>375,728</u>	<u>35,989</u>	<u>3,600</u>	<u>783,240</u>

12 Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>4,947,593</u>	<u>5,648,051</u>

The carrying amount of stocks pledged as security for liabilities amounted to £142,374 (2020 - £1,940,393).

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Debtors

	2021 £	2020 £
Trade debtors	261,310	242,683
Amounts owed by group undertakings	301,199	910,661
Other debtors	15,651	13,948
Prepayments	80,118	120,323
	<u>658,278</u>	<u>1,287,615</u>

14 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	15	236,643	-
Trade creditors		1,025,167	2,681,547
Social security and other taxes		293,775	281,498
Other creditors		2,482,845	2,328,694
Accrued expenses		959,156	940,272
Corporation tax liability		158,999	169,596
		<u>5,156,585</u>	<u>6,401,607</u>

15 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank overdrafts	<u>236,643</u>	<u>-</u>

Secured loans

Bank overdrafts and other liabilities due to external finance providers are secured by debentures with fixed and floating charges over the company's property and assets including goodwill. There is also in existence an omnibus guarantee between Tustain Motors Limited and J B Tustain Motors Holdings Limited.

16 Provisions for liabilities

	Deferred tax £
At 1 January 2021	85,616
Increase (decrease) in existing provisions	<u>58,176</u>
At 31 December 2021	<u>143,792</u>

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £72,582 (2020 - £64,409).

Contributions totalling £Nil (2020 - £539) were payable to the scheme at the end of the year and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	593,750	593,750	593,750	593,750
Ordinary A shares of £1 each	31,250	31,250	31,250	31,250
	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>

19 Reserves

Called up share capital

This reserve records the nominal amount paid for the share capital of the company.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	328,500	386,750
Later than one year and not later than five years	820,291	1,098,791
Later than five years	50,000	100,000
	<u>1,198,791</u>	<u>1,585,541</u>

Tustain Motors Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Obligations under leases and hire purchase contracts (continued)

The amount of non-cancellable operating lease payments recognised as an expense during the year was £408,508 (2020 - £366,319).

21 Dividends

Interim dividends paid

	2021 £	2020 £
Interim dividend of £2.64 (2020 - £0.192) per each Ordinary share	1,567,500	114,000
Interim dividend of £2.64 (2020 - £0.192) per each Ordinary A share	<u>82,500</u>	<u>6,000</u>
	<u>1,650,000</u>	<u>120,000</u>

22 Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

23 Parent and ultimate parent undertaking

The company's immediate parent is J B Tustain Motors Holdings Limited, incorporated in England & Wales.

The most senior parent entity producing publicly available financial statements is J B Tustain Motors Holdings Limited. These financial statements are available upon request from 13 Freeman Way, North Seaton Industrial Estate, Ashington, Northumberland, NE63 0YB.

Tustain Motors Limited

Detailed Income Statement for the Year Ended 31 December 2021

	2021 £	2020 £
Turnover	36,748,693	29,661,031
Cost of sales	<u>(31,194,334)</u>	<u>(25,610,917)</u>
Gross profit	<u>5,554,359</u>	<u>4,050,114</u>
Gross profit (%)	15.11%	13.65%
Administrative expenses		
Employment costs	(1,910,656)	(2,014,623)
Establishment costs	(279,216)	(261,849)
General administrative expenses	(1,321,877)	(1,075,742)
Finance charges	(102,451)	(107,922)
Depreciation costs	(227,037)	(271,444)
Other expenses	<u>(19,102)</u>	<u>-</u>
	(3,860,339)	(3,731,580)
Other operating income	<u>114,356</u>	<u>548,091</u>
Operating profit	1,808,376	866,625
Interest payable and similar charges	<u>(5,799)</u>	<u>(12,356)</u>
Profit before tax	<u><u>1,802,577</u></u>	<u><u>854,269</u></u>

This page does not form part of the statutory financial statements.

Tustain Motors Limited

Detailed Income Statement for the Year Ended 31 December 2021 (continued)

	2021 £	2020 £
Turnover		
New vehicle sales	1,976,343	4,705,821
Used vehicle sales	29,317,041	20,320,950
New vehicle commission	2,532	3,920
Used vehicle commission	714,112	310,764
Parts sales	1,552,574	1,419,614
Service sales	2,562,385	2,332,458
Body shop sales	328,135	283,227
Bonus sales	17,882	74,728
Other revenue	277,689	209,549
	<u>36,748,693</u>	<u>29,661,031</u>
Cost of sales		
Opening finished goods	5,648,051	5,558,883
New vehicle purchases	764,336	4,417,185
Used vehicle purchases	27,216,207	19,363,263
Parts cost of sales	1,313,638	985,617
Production Consumables	809,224	587,628
Body shop cost of sales	(582,710)	(567,481)
Other cost of sales	165,378	145,698
Carriage and import duty	19,443	14,211
Courtesy car costs	2,654	4,155
Closing finished goods	(4,947,593)	(5,648,051)
Write-down of inventory to NRV	-	(928)
Wages and salaries	785,706	750,737
	<u>31,194,334</u>	<u>25,610,917</u>
Employment costs		
Wages and salaries	1,543,941	1,720,866
Staff NIC (Employers)	282,213	222,558
Staff pensions (Defined contribution)	72,582	64,409
Private health insurance	11,920	6,790
	<u>1,910,656</u>	<u>2,014,623</u>
Establishment costs		
Rates	16,438	32,004
Water rates	17,112	14,318
Light, heat and power	94,236	81,779
Insurance	83,154	87,431
Repairs and maintenance	68,276	46,317
	<u>279,216</u>	<u>261,849</u>

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Tustain Motors Limited

Detailed Income Statement for the Year Ended 31 December 2021 (continued)

	2021 £	2020 £
General administrative expenses		
Telephone and fax	21,368	22,580
Computer software and maintenance costs	242,849	211,390
Printing, postage and stationery	24,898	21,933
Staff training and welfare	33,956	37,038
Trade subscriptions	1,311	1,803
Property - operating lease	408,508	366,319
Hire of other assets	11,842	3,785
Sundry expenses	86,995	96,302
Cleaning	60,922	48,418
Motor expenses	76,599	63,563
Travel and subsistence	12,279	10,133
Advertising	159,476	106,302
Accountancy fees	19,400	6,050
Auditor's remuneration	12,600	12,000
Auditor's remuneration - Tax services	1,250	1,250
Management fees	108,000	88,000
Legal and professional fees	39,643	25,288
Bad debts written off	(19)	(46,412)
	<u>1,321,877</u>	<u>1,075,742</u>
Finance charges		
Factoring charges	41,455	60,488
Bank charges	21,184	18,244
Credit card charges	39,812	29,190
	<u>102,451</u>	<u>107,922</u>
Depreciation costs		
Amortisation of goodwill	39,780	81,388
Depreciation of plant and machinery	93,519	91,984
Depreciation of fixtures and fittings	32,424	31,771
Depreciation of motor vehicles	1,650	8,696
Depreciation of office equipment	18,144	16,907
Depreciation of other tangible	41,520	40,698
	<u>227,037</u>	<u>271,444</u>
Other expenses		
Losses on disposal of property plant and equipment	19,102	-
	<u>19,102</u>	<u>-</u>

This page does not form part of the statutory financial statements.

Tustain Motors Limited

Detailed Income Statement for the Year Ended 31 December 2021 (continued)

	2021 £	2020 £
Other operating income		
Government grants receivable	108,356	519,591
Other operating income	<u>6,000</u>	<u>28,500</u>
	<u>114,356</u>	<u>548,091</u>
Interest payable and similar expenses		
Bank interest payable	5,799	10,481
Other loan interest	-	1,675
Other interest payable	<u>-</u>	<u>200</u>
	<u>5,799</u>	<u>12,356</u>

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