Company registration number 12256649 (England and Wales)

AVRC LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

AVRC LTD

COMPANY INFORMATION

Directors	Mr P J Dawson Mr D J Lewis Mr J A Moore Mr L Wallbank
Company number	12256649
Registered office	iRG Taffs Mead Road Treforest Industrial Estate Pontypridd Wales CF37 5TF
Auditor	Pierce C A Limited Mentor House Ainsworth Street Blackburn Lancashire BB1 6AY
Business address	iRG Taffs Mead Road Treforest Industrial Estate Pontypridd Wales CF37 5TF

AVRC LTD

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AVRC LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021. The comparative figures are for the period 1 August 2019 to 31 December 2020.

Fair review of the business
The strategy of the business is to increase its share of the motor vehicle repair market through increasing sales and gross margin at its existing outlets and through new outlets where appropriate. The group successfully acquired new customer contracts to assist with its growth strategy.

The group enjoys a number of competitive advantages, including strong brand recognition as being one of the top ten repairers in the UK, alongside being the biggest employer in Wales for the sector it operates in. The group consistently achieves a strong market share, well established price for competitiveness, knowledgeable and enthusiastic workforce and a strong customer focus throughout the business.

This financial year has been one that has been particularly impacted by the Covid-19 pandemic and the devolved Governments of England and Wales response to the pandemic in the form of National and Regional lockdowns and other measures. The automotive repair industry has been significantly affected through this period, as the primary result of the Government's actions has been fewer vehicles on the road and therefore fewer accidents. This ultimately disrupted supply chains, many of which were parts suppliers also suffering post Brexit.

The business had a robust plan for managing through the pandemic and this has been successful by ensuring that the business traded throughout, alongside supporting staff and ensuring the business services levels were carried out for its customer base.

During the financial year, the business invested further in its manufacturer approval program by adding Tesla to the long list of other brands such as but not limited to, Mercedes, JLR, BMW, VW, Seat, Audi, Ford & Renault. Taking the businesses overall approval programme to over 40 brands.

Despite work levels throughout the industry seeing a decline the business managed to grow its gross profit on 2020 normalised to 12 months by a further £970k within the year.

Whilst the business has returned a loss in the year to 31 December 2021, underlying EBITDA was promising considering the challenges faced within the year.

The business utilised a number of the support schemes provided by the UK government throughout the pandemic.

The directors of the group were disappointed with the overall result of the business during the year. The results of the business having been significantly impacted by the Covid-19 pandemic, Brexit as well as Storm Dennis closing two premises due to flooding in 2020. This led to a reduced performance of these premises following the return of the locations back to operational performance. These were all contributing factors to the overall result of 2021 which led to a reduction in activity levels alongside increased pressures of supply chain issues.

The Directors remain confident that the business will be able to meet its obligations over the course of the next 12 months. The directors have prepared future cashflow projections, supported by a robust business plan geared up to account for further potential market disruptions.

Principal risks and uncertainties
The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks can be summarised as follows:

Market conditions

The Covid-19 pandemic and the measures the devolved Welsh Government enacted have had extensive negative impacts on the UK economy, which has been seen throughout the prior financial period and into this financial year.

Whilst the UK economy has rebounded in many areas consumer behaviours have adapted, with increased home working and other work life balance changes. This has ultimately led to fewer vehicles on the road and reduced peak time traffic.

The business has mitigated the impact of reduced activity by acquiring additional work provider contracts to cover the shortfall.

People

Staff retention has become a key focus for the business. The overall employment package offered by the business is industry leading and staff retention remains very strong.

Technology risk

Adaptation to technology continues to be a large investment to the business with its extensive manufacturer approvals and ensuring every repair is carried out to the British Standards Institution (BSI) standards at all of its locations.

Credit risk

Credit terms are offered to customers within 30 days with largely blue chip, well capitalised entities and these are subject to credit verification procedures. Given the focus on liquidity, the position is considered well managed with minimum risk of bad debt provisions.

Liquidity risk

The group carefully monitors its cashflow with short, medium and long term forecasting to meet liabilities as they fall due.

The group has external borrowings of £8.1m for which security by way of a cross-guarantee between group companies has been provided.

The group has, and continues to, actively manage its exposure with the funder, who remains supportive, as well as other key creditors, and has secured additional facilities since the financial period end to ensure future liabilities are met.
The directors, therefore, consider that in preparing the financial statements they have taken into account all the information that could reasonably be expected to be available.

Development and performance
The business' strategic plans assume ongoing success within its current locations with improved sales and gross margin on the back of successful acquisitions of work provider contracts. The business has been successful in winning notable industry awards in 2021, including, Fastest Growing Bodyshop of the year for its Pontypridd Site along with the UK award by Admiral for strategic partner.

The business has revived its long-term plan to help with the skill shortage of recruiting from overseas with planned recruitment drives in Albania and India with the successful licence from the home office to do so.

Apprentices are a big focus for the business in ensuring the skill shortage is minimised with apprenticeships offered across all locations.

AVRC LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators
The groups key performance indicators (KPI's) are summarised below (2020 figures are for a 17 month reporting period):

Turnover £19,924k (2020 - £15,004k)

Gross marg n £6,778k (2020 - £3,604k)

The group has a strong focus on KPIs that are geared around financial and operational performance, customer and staff satisfaction.

On behalf of the board

Mr D J Lewis
Director

4 April 2023

AVRC LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities
The principal activity of the company continued to be that of a holding company to a trading group.

The principal activity of the trading subsidiaries is that of the repair of accident damaged motor vehicles.

Results and dividends
The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

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

Mr P J Dawson
Mr D J Lewis
Mr J A Moore
Mr L Wallbank

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor
Pierce C A Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report
As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

Mr D J Lewis
Director

4 April 2023

AVRC LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of AVRC Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company 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 group's and the parent company's affairs as at 31 December 2021 and of the group's 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 group and parent 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.

Emphasis of matter - Material uncertainty related to going concern

We would draw your attention to note 1.5 to the financial statements regarding the group's going concern assumption. Our opinion is not modified in respect of this matter.

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

- The nature of the industry and the group's control environment.
- Results of our enquiries of management.
- The group's procedures and controls on compliance with laws and regulations and the risks of fraud.
- Discussions among the audit engagement team concerning potential indicators of fraud.

We are also required to perform specific procedures to respond to the risk of management override.

As a result of our audit procedures we did not identify a material risk of fraud or other non-compliance with laws and regulations.

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 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.

Simon Diggle (Senior Statutory Auditor)
For and on behalf of Pierce C A Limited

19 April 2023

Statutory Auditor

Mentor House
Ainsworth Street
Blackburn
Lancashire
BB1 6AY

AVRC LTD

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Turnover	3	19,924,164	15,003,992
Cost of sales		(13,146,073)	(11,400,394)
Gross profit		6,778,091	3,603,598
Distribution costs		-	(23,737)
Administrative expenses		(8,972,269)	(6,862,278)
Other operating income		842,109	1,841,735
Operating loss	4	(1,352,069)	(1,440,682)
Interest receivable and similar income	8	-	198
Interest payable and similar expenses	9	(708,798)	(478,574)
Loss before taxation		(2,060,867)	(1,919,058)
Tax on loss	10	154,766	60,744
Loss for the financial year		(1,906,101)	(1,858,314)

Loss for the financial year is all attributable to the owners of the parent company.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Loss for the year	(1,906,101)	(1,858,314)
Other comprehensive income	-	-
Total comprehensive income for the year	(1,906,101)	(1,858,314)

Total comprehensive income for the year is all attributable to the owners of the parent company.

AVRC LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 as restated £	2020 as restated £
Fixed assets					
Goodwill	**11**		4,503,108		5,057,983
Tangible assets	**12**		1,546,412		1,573,392
			6,049,520		6,631,375
Current assets					
Stocks	**15**	1,359,473		789,825	
Debtors	**16**	1,392,031		1,512,770	
Cash at bank and in hand		673,719		556,265	
		3,425,223		2,858,860	
Creditors: amounts falling due within one year	**17**	(4,231,359)		(4,956,906)	
Net current liabilities			(806,136)		(2,098,046)
Total assets less current liabilities			5,243,384		4,533,329
Creditors: amounts falling due after more than one year	**18**		(8,767,765)		(6,089,507)
Provisions for liabilities					
Deferred tax liability	**21**	140,034		202,136	
			(140,034)		(202,136)
Net liabilities			(3,664,415)		(1,758,314)
Capital and reserves					
Called up share capital	**24**		1,000		1,000
Share premium account			99,000		99,000
Profit and loss reserves			(3,764,415)		(1,858,314)
Total equity			(3,664,415)		(1,758,314)

The financial statements were approved by the board of directors and authorised for issue on 4 April 2023 and are signed on its behalf by:

Mr D J Lewis
Director

Company registration number 12256649 (England and Wales)

AVRC LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020 as restated	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Investments	**13**		7,492,955		7,492,955
Current assets					
Debtors	**16**	153,431		52,714	
Creditors: amounts falling due within one year	**17**	(870,292)		(2,307,863)	
Net current liabilities			(716,861)		(2,255,149)
Total assets less current liabilities			6,776,094		5,237,806
Creditors: amounts falling due after more than one year	**18**		(7,660,000)		(5,600,000)
Net liabilities			(883,906)		(362,194)
Capital and reserves					
Called up share capital	**24**		1,000		1,000
Share premium account			99,000		99,000
Profit and loss reserves			(983,906)		(462,194)
Total equity			(883,906)		(362,194)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £521,711 (2020 - £462,194 loss).

The financial statements were approved by the board of directors and authorised for issue on 4 April 2023 and are signed on its behalf by:

Mr D J Lewis
Director

Company registration number 12256649 (England and Wales)

AVRC LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2020:					
Balance at 11 October 2019		-	-	-	-
Period ended 31 December 2020:					
Loss and total comprehensive income for the period		-	-	(1,858,314)	(1,858,314)
Issue of share capital	**24**	1,000	99,000	-	100,000
Balance at 31 December 2020		1,000	99,000	(1,858,314)	(1,758,314)
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(1,906,101)	(1,906,101)
Balance at 31 December 2021		1,000	99,000	(3,764,415)	(3,664,415)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
As restated for the period ended 31 December 2020:					
Balance at 11 October 2019		-	-	-	-
Period ended 31 December 2020:					
Loss and total comprehensive income for the period		-	-	(462,194)	(462,194)
Issue of share capital	**24**	1,000	99,000	-	100,000
Balance at 31 December 2020		1,000	99,000	(462,194)	(362,194)
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(521,712)	(521,712)
Balance at 31 December 2021		1,000	99,000	(983,906)	(883,906)

AVRC LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28		(750,831)		2,069,263
Interest paid			(708,798)		(478,574)
Income taxes (paid)/refunded			(14,045)		300,018
Net cash (outflow)/inflow from operating activities			(1,473,674)		1,890,707
Investing activities					
Purchase of tangible fixed assets		(457,847)		(316,453)	
Proceeds from disposal of tangible fixed assets		26,606		621,679	
Purchase of subsidiaries, net of cash acquired		-		(7,493,007)	
Interest received		-		198	
Net cash used in investing activities			(431,241)		(7,187,583)
Financing activities					
Proceeds from issue of shares		-		100,000	
Proceeds from new bank loans		2,060,000		5,600,000	
Payment of finance leases obligations		(37,483)		152,993	
Net cash generated from financing activities			2,022,517		5,852,993
Net increase in cash and cash equivalents			117,602		556,117
Cash and cash equivalents at beginning of year			556,117		-
Cash and cash equivalents at end of year			673,719		556,117
Relating to:					
Cash at bank and in hand			673,719		556,265
Bank overdrafts included in creditors payable within one year			-		(148)

AVRC LTD

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 as restated £	2020 as restated £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**29**		(1,369,084)		2,253,286
Interest paid			(690,916)		(460,331)
Net cash (outflow)/inflow from operating activities			(2,060,000)		1,792,955
Investing activities					
Proceeds from disposal of subsidiaries		-		(7,492,955)	
Net cash used in investing activities			-		(7,492,955)
Financing activities					
Proceeds from issue of shares		-		100,000	
Proceeds from new bank loans		2,060,000		5,600,000	
Net cash generated from financing activities			2,060,000		5,700,000
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at beginning of year			-		-
Cash and cash equivalents at end of year			-		-

1 Accounting policies

Company information

AVRC Ltd is a private company limited by shares incorporated in England and Wales. The registered office is iRG Taffs Mead Road, Treforest Industrial Estate, Pontypridd, Wales, CF37 5TF.

The group consists of AVRC Ltd and all of its subsidiaries.

1.1 Reporting period

The comparative figures presented in these financial statements are prepared for the 14 month period ended 31 December 2020. The current year figures are for a 12 month period.

1.2 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.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.3 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.4 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company AVRC Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1 Accounting policies **(Continued)**

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.5 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company and the group will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company and group's ability to continue as a going concern.

The Covid-19 pandemic and resultant measures taken by government, particularly in Wales, coupled with supply chain issues caused by Covid-19 and Brexit have had a negative impact on the group's trading results in the reporting period.

The main impacts of the above issues have been a 17% reduction in turnover and a significant increase in stock and work in progress which has had an impact on the company's cashflow and cash position.

The group is reporting an operating loss of £1,352k.

The group's ultimate parent company AVRC Ltd has external borrowings of £8.1m for which T.S.T Cardiff Limited has provided security by way of a cross-guarantee.

Due to the above mentioned factors, the group has, and continues to, actively manage its exposure in this regard with the funder, who remains supportive, as well as other key creditors, and has secured additional facilities since the financial period end to ensure future liabilities are met.
The directors, therefore, consider that in preparing the financial statements they have taken into account all the information that could reasonably be expected to be available.

At the time of approving the financial statements, the directors have prepared detailed cash flow forecasts for the 12 months following the approval of the financial statements. The directors have concluded that there are reasonable expectations that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies **(Continued)**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business 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.

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Plant and equipment	25% on reducing balance
Fixtures and fittings	25% on reducing balance
Computers	25% on reducing balance
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies **(Continued)**

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.11 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 items.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Work in progress is calculated to include an element of profit that is based on its stage of completion.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset and 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies **(Continued)**

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.14 Equity instruments

Equity instruments issued by the group 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 group.

1.15 Taxation

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

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group'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 if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

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

1.18 Leases

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

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

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

1 Accounting policies **(Continued)**

1.19 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 group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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 economic lives of intangible fixed assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates. See the notes for the carrying amount of intangible assets.

Useful economic lives of tangible assets

The annual depreciation charge for tangible 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. See the notes to the financial statements for the carrying amounts of the tangible assets.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Repair of motor vehicles	19,924,164	15,003,992

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	19,924,164	15,003,992

3 Turnover and other revenue (Continued)

	2021	2020
	£	£
Other revenue		
Interest income	-	198
Grants received	842,109	1,622,860

4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Government grants	(842,109)	(1,622,860)
Depreciation of owned tangible fixed assets	354,899	283,556
Depreciation of tangible fixed assets held under finance leases	105,882	68,310
Profit on disposal of tangible fixed assets	(2,560)	(287,227)
Amortisation of intangible assets	554,875	490,762
Operating lease charges	1,821,754	1,579,834

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	4,000	4,000
Audit of the financial statements of the company's subsidiaries	17,000	15,000
	21,000	19,000

6 Employees

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

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Production staff	125	110	-	-
Administrative staff	147	149	-	-
Directors	4	8	4	4
Total	276	267	4	4

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	6,756,486	6,002,981	-	-
Social security costs	624,612	733,905	-	-
Pension costs	149,359	329,316	-	-
	7,530,457	7,066,202	-	-

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	235,000	246,633
Company pension contributions to defined contribution schemes	-	588
	235,000	247,221

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	70,000	72,000

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 4).

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	198

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	198

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	690,916	460,331
Other finance costs:		
Interest on finance leases and hire purchase contracts	15,754	18,243
Other interest	2,128	-
Total finance costs	708,798	478,574

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(88,487)
Adjustments in respect of prior periods	(92,664)	(30,661)
Total current tax	(92,664)	(119,148)
Deferred tax		
Origination and reversal of timing differences	(62,102)	58,404
Total tax credit	(154,766)	(60,744)

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

	2021	2020
	£	£
Loss before taxation	(2,060,867)	(1,919,058)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(391,565)	(364,621)
Tax effect of expenses that are not deductible in determining taxable profit	90,702	217,366
Unutilised tax losses carried forward	146,097	93,123
Effect of change in corporation tax rate	-	16,910
Under/(over) provided in prior years	-	(30,661)
Deferred tax adjustments in respect of prior years	-	7,139
Taxation credit	(154,766)	(60,744)

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 January 2021 and 31 December 2021	5,548,745
Amortisation and impairment	
At 1 January 2021	490,762
Amortisation charged for the year	554,875
At 31 December 2021	1,045,637
Carrying amount	
At 31 December 2021	4,503,108
At 31 December 2020	5,057,983

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

12 Tangible fixed assets

Group	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	1,373,104	163,531	107,273	281,350	1,925,258
Additions	272,525	34,563	20,309	130,450	457,847
Disposals	-	-	-	(28,750)	(28,750)
At 31 December 2021	1,645,629	198,094	127,582	383,050	2,354,355
Depreciation and impairment					
At 1 January 2021	234,932	32,270	21,276	63,388	351,866
Depreciation charged in the year	332,937	39,242	23,100	65,502	460,781
Eliminated in respect of disposals	-	-	-	(4,704)	(4,704)
At 31 December 2021	567,869	71,512	44,376	124,186	807,943
Carrying amount					
At 31 December 2021	1,077,760	126,582	83,206	258,864	1,546,412
At 31 December 2020	1,138,172	131,261	85,997	217,962	1,573,392

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

13 Fixed asset investments

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	7,492,955	7,492,955

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 January 2021 and 31 December 2021	7,492,955
Carrying amount	
At 31 December 2021	7,492,955
At 31 December 2020	7,492,955

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Indirect
iRG Group Limited	England & Wales	Ordinary	100.00	-
TST Cardiff Limited	England & Wales	Ordinary	-	100.00
TST Cosmetic Repairs Limited	England & Wales	Ordinary	-	100.00

15 Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Work in progress	1,070,230	550,925	-	-
Finished goods and goods for resale	289,243	238,900	-	-
	1,359,473	789,825	-	-

16 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	1,111,970	1,318,179	-	-
Corporation tax recoverable	69,571	-	-	-
Amounts owed by group undertakings	-	-	153,431	-
Other debtors	32,320	123,707	-	52,714
Prepayments and accrued income	178,170	70,884	-	-
	1,392,031	1,512,770	153,431	52,714

17 Creditors: amounts falling due within one year

	Notes	Group 2021	2020	Company 2021	2020
		£	**£**	**£**	**£**
Bank loans and overdrafts	**19**	-	148	-	-
Obligations under finance leases	**20**	75,016	93,001	-	-
Trade creditors		2,535,725	1,922,984	-	-
Corporation tax payable		-	37,138	-	-
Other taxation and social security		404,098	1,145,759	-	-
Deferred income	**22**	-	198,000	-	-
Other creditors		906,764	1,229,734	870,292	2,307,863
Accruals and deferred income		309,756	330,142	-	-
		4,231,359	4,956,906	870,292	2,307,863

Included within other creditors is an amount of £870,292 (2020 - £1,120,292) which is deferred consideration relating to the acquisition in the period ended 31 December 2020.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2021	2020	Company 2021	2020
		£	**£**	**£**	**£**
Bank loans and overdrafts	**19**	7,660,000	5,600,000	7,660,000	5,600,000
Obligations under finance leases	**20**	40,494	59,992	-	-
Deferred income	**22**	831,433	429,515	-	-
Other creditors		235,838	-	-	-
		8,767,765	6,089,507	7,660,000	5,600,000

19 Loans and overdrafts

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Bank loans	7,660,000	5,600,000	7,660,000	5,600,000
Bank overdrafts	-	148	-	-
	7,660,000	5,600,148	7,660,000	5,600,000
Payable within one year	-	148	-	-
Payable after one year	7,660,000	5,600,000	7,660,000	5,600,000

The loan creditors are secured by way of fixed and floating charges over the assets of the company, a composite company guarantee with iRG Group Limited and T.S.T Cardiff Limited, and a personal guarantee from the directors limited to £200,000.

An interest rate of 8.65% is applied to the loans. £4,060,000 is repayable as a single lump sum after five years. The balance is payable in instalments over 5 years with £180,000 due after more than five years.

20 Finance lease obligations

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	75,016	59,992	-	-
In two to five years	40,494	93,001	-	-
	115,510	152,993	-	-

Finance lease and hire purchase contracts are secured on the assets to which they relate.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021	Liabilities 2020
Group	£	£
Accelerated capital allowances	288,058	282,867
Tax losses	(148,024)	(74,126)
Other short term timing differences	-	(6,605)
	140,034	202,136

The company has no deferred tax assets or liabilities.

21 Deferred taxation (Continued)

	Group 2021	Company 2021
Movements in the year:	**£**	**£**
Liability at 1 January 2021	202,136	-
Credit to profit or loss	(62,102)	-
Liability at 31 December 2021	140,034	-

The deferred tax liability set out above is expected to reverse within 24 months and relates to accelerated capital allowances that are expected to mature within the same period.

22 Deferred income

	Group 2021	2020	Company 2021	2020
	£	**£**	**£**	**£**
Arising from government grants	-	198,000	-	-
Other deferred income	831,433	429,515	-	-
	831,433	627,515	-	-

Deferred income is included in the financial statements as follows:

	Group 2021	2020	Company 2021	2020
Current liabilities	-	198,000	-	-
Non-current liabilities	831,433	429,515	-	-
	831,433	627,515	-	-

23 Retirement benefit schemes

	2021	2020
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	149,359	329,316

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

Group and company	**2021**	**2020**	**2021**	**2020**
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

25 Contingent asset

As a result of Storm Dennis in February 2020, two of the sites from which the business operates were badly damaged, resulting in the closure of those sites for circa eight months.

Since that date, the company has been in negotiations with its insurers in respect of a settlement for the loss of business. After the year end the company has agreed on a settlement figure in the region of £240k. The financial statements for the year ended 31 December 2021 do not include any adjustments in respect of this figure.

26 Operating lease commitments

Lessee

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	850,143	1,135,271	-	-
Between two and five years	2,374,638	2,763,039	-	-
In over five years	648,839	2,347,000	-	-
	3,873,620	6,245,310	-	-

27 Controlling party

The directors have agreed that there is not an ultimate controlling party.

28 Cash (absorbed by)/generated from group operations

	2021	2020
	£	£
Loss for the year after tax	(1,906,101)	(1,858,314)
Adjustments for:		
Taxation credited	(154,766)	(60,744)
Finance costs	708,798	478,574
Investment income	-	(198)
Gain on disposal of tangible fixed assets	(2,560)	(287,227)
Amortisation and impairment of intangible assets	554,875	490,762
Depreciation and impairment of tangible fixed assets	460,781	352,866
Movements in working capital:		
Increase in stocks	(569,648)	(789,825)
Decrease/(increase) in debtors	190,310	(1,512,765)
(Decrease)/increase in creditors	(236,438)	4,628,619
Increase in deferred income	203,918	627,515
Cash (absorbed by)/generated from operations	(750,831)	2,069,263

29 Cash (absorbed by)/generated from operations - company

	2021	2020
	£	£
Loss for the year after tax	(521,712)	(462,194)
Adjustments for:		
Finance costs	690,916	460,331
Movements in working capital:		
Increase in debtors	(100,717)	(52,714)
(Decrease)/increase in creditors	(1,437,571)	2,307,863
Cash (absorbed by)/generated from operations	(1,369,084)	2,253,286

30 Analysis of changes in net debt - group

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	556,265	117,454	673,719
Bank overdrafts	(148)	148	-
	556,117	117,602	673,719
Borrowings excluding overdrafts	(5,600,000)	(2,060,000)	(7,660,000)
Obligations under finance leases	(152,993)	37,483	(115,510)
	(5,196,876)	(1,904,915)	(7,101,791)

31 Analysis of changes in net debt - company

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Borrowings excluding overdrafts	(5,600,000)	(2,060,000)	(7,660,000)

32 Prior period adjustment

The financial statements have been restated to incorporate the impact of share premium being incorrectly classified as ordinary share capital and to incorporate the impact of fixed asset additions and depreciation being omitted in the prior period.

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32 Prior period adjustment **(Continued)**

Changes to the balance sheet - group

	As previously reported	Adjustment	As restated at 31 Dec 2020
	£	£	£
Fixed assets			
Tangible assets	1,610,966	(37,574)	1,573,392
Capital and reserves			
Share capital	100,000	(99,000)	1,000
Share premium	-	99,000	99,000
Profit and loss reserves	(1,820,740)	(37,574)	(1,858,314)
Total equity	(1,720,740)	(37,574)	(1,758,314)

Changes to the balance sheet - company

	As previously reported	Adjustment	As restated at 31 Dec 2020
	£	£	£
Net assets	(362,194)	-	(362,194)
Capital and reserves			
Share capital	100,000	(99,000)	1,000
Share premium	-	99,000	99,000
Total equity	(362,194)	-	(362,194)