

TJAM Holdings Limited
Financial Statements
Period from 5 March 2020 to
31 December 2020



TJAM Holdings Limited

Financial Statements

Period from 5 March 2020 to 31 December 2020

Contents	Page
Officers and professional advisers	1
Strategic report	2 to 3
Directors' report	4 to 5
Independent auditor's report to the members	6 to 9
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Company statement of financial position	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the financial statements	16 to 28

TJAM Holdings Limited

Officers and Professional Advisers

The board of directors

Thomas James Allan McPhail
Carol Patricia McPhail

Registered office

5 Ribblesdale Place
Preston
Lancashire
PR1 8BZ

Auditor

Whitehead & Aldrich
Chartered accountants & statutory auditor
5 Ribblesdale Place
Preston
Lancashire
PR1 8BZ

Bankers

Royal Bank of Scotland plc
Corporate Banking
100 Barbirolli Square
Manchester
M60 2FT

TJAM Holdings Limited

Strategic Report

Period from 5 March 2020 to 31 December 2020

A fair review of the business

The principal activity of the group during the period was the operation of Ford main dealerships.

Trading during the year was adversely affected by the enforced closure of our showrooms as a result of Government decisions to close non-essential retail during periods of lockdown in order to combat the effects of COVID-19. Our aftersales operation in Ellesmere Port continued to operate with a skeleton staff in order to keep vehicles properly maintained and safe during the lockdown periods but trading was again affected by the reduced capacity of work available.

The support offered to us during periods of showroom closure by our manufacturer fell far short of what we would have expected in the circumstances and the practice of continuing to set new car sales objectives during periods of showroom closures we considered punitive in the extreme and certainly not in the spirit of partnership. As a result of their actions we failed to achieve the objectives set resulting in our performance award payments earnings on which the group is heavily reliant to support its profitability suffer a year on year reduction of 80%.

With the assistance of the business premises rates relief, the furlough scheme in conjunction with tight management controls on expense levels during periods of operation we have been able to show a positive result in what were unprecedented times.

The early indications for 2021 provide a glimmer of hope that market conditions will show a degree of improvement irrespective of the continued damage to the economy caused by the COVID-19 virus.

Our future performance will continue to be impacted by matters outside of our control such as the consequences of Brexit on the UK's relationship with the EU, the continuation of imposed restrictions on our business as a result of COVID-19 and the impending recovery of the UK economy.

Future developments

Ford have recently announced their intention to almost halve their dealer sales network between now and 2025 with a greater emphasis on commercial vehicle sales. In addition they require those remaining dealerships who do not hold 'Ford Store' status to upgrade their facilities to reflect the new 'Signature Ford' vision. Costs associated with upgrading should be available by mid-year along with the anticipated timescale of providing the upgraded facilities.

The group will continue to have a tight control on the operating efficiency of its dealerships mitigating potential risk and ensuring that where possible it remains in a position to benefit from opportunities as and when they arise.

Key performance indicators

The main financial Key Performance Indicators of the group are turnover, gross profit, profit before tax and cash flow from operations.

TJAM Holdings Limited

Strategic Report (continued)

Period from 5 March 2020 to 31 December 2020

Principal risks and uncertainties

The group's business activities, financial condition or results of operations could be affected by any or all of the following risks or uncertainties:-

Competitive nature of the market

The motor vehicle distribution market is highly competitive and comprises a small number of large dealer networks down to a large number of much smaller operators. In addition, the market includes internet-based dealers and private individuals. The franchised businesses also compete in the aftersales market which comprises similar franchised businesses, supply and fast fit operations and a large number of small independent garages and bodyshops.

The group relies on the quality of its customer service and the ability to adjust pricing, enabling it to react to local competitive conditions. The quality of customer service offered by the group continues to give it a competitive edge where price differences would not be enough.

Government legislation

The Government's transport policy, together with potential legislation covering both congestion charging and carbon emissions, could adversely affect the group's profitability if, as a result, customers choose to use alternative forms of transport. Changes in the Government's taxation policies could also adversely affect the group's profitability. Government actions with regard to minimum wage and pension costs will drive the operating costs of the business up and will have to be closely monitored.

Manufacturers' financial stability and influence

The manufacturer uses a series of incentive schemes to support new car sales programmes. The timings, frequency and efficiency on new model roll-outs and changes in consumers' perception of these models and the brand, could materially affect the group's business. The group relies on its manufacturer for a significant proportion of its revenue and profits. By choosing a manufacturer that provides a product range that is continually refreshed by the introduction of new models that benefit from the latest automotive technology, it has mitigated this risk. However, the current decline in new vehicle sales and in particular diesel engine vehicles is a major concern for all manufacturers.

UK Economy

Without doubt Brexit has been a destabilising factor for most industries during the last couple of years and it still remains a political hot potato with many unanswered questions regarding the UK'S future trading relationship with the EU. However we are all now facing an even more challenging and uncertain future with the arrival of Coronavirus COVID-19. This virus has been declared a Pandemic by the World Health Organisation and it has forced countries to go into lockdown, borders be closed, cross border flights to be cancelled and whole families to self-isolate in an attempt to avoid contracting or spreading the virus. It is too early to say what the final outcome for UK businesses will be but the challenges facing us all are both unprecedented and unpredictable.

Against this background the group will endeavour to respond and react quickly to any changes that may impact on its future.

This report was approved by the board of directors on 15th September 2021 and signed on behalf of the board by:



T. J. A. McPHAIL
Director

TJAM Holdings Limited

Directors' Report

Period from 5 March 2020 to 31 December 2020

The directors present their report and the financial statements of the group for the period ended 31 December 2020.

Incorporation and acquisition of subsidiary

The company was incorporated on 5th March 2020 and on 7th April 2020 the company acquired TJA Motors Limited.

Commencement of trade

The company commenced to trade on 21st August 2020.

Directors

The directors who served the company during the period were as follows:

Thomas James Allan McPhail
Carol Patricia McPhail

Dividends

Having reviewed the dividend policy the directors intend to pursue a policy which ensures adequate cash and reserves are maintained in the company to meet its operational needs and enables the group to restructure its shareholdings and acquire the premises from which the dealership operates.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006, the group has chosen to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' report:

- a fair review of the business;
- future developments; and
- key performance indicators; and
- principal risks and uncertainties

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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 the company and the profit or loss of the group for that period.

TJAM Holdings Limited

Directors' Report (continued)

Period from 5 March 2020 to 31 December 2020

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 15th September 2021 and signed on behalf of the board by:



T. J. A. McPHAIL
Director

Independent Auditor's Report to the Members of TJAM Holdings Limited

Period from 5 March 2020 to 31 December 2020

Opinion

We have audited the financial statements of TJAM Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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 FRS 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 of the parent company's affairs as at 31 December 2020 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent 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.

Independent Auditor's Report to the Members of TJAM Holdings Limited

(continued)

Period from 5 March 2020 to 31 December 2020

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the directors' report for the financial period 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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.

Independent Auditor's Report to the Members of TJAM Holdings Limited

(continued)

Period from 5 March 2020 to 31 December 2020

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 group's and 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 group or 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.

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, including directors, about any known or suspected instances of non-compliance with laws or regulations and fraud.
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Auditing the risk of management override of controls, including testing of 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: Compliance with the UK Companies Act, compliance with the Taxes Acts and employment law.

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 ISA's (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 is available on the Financial Reporting Councils website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our audit report.

Independent Auditor's Report to the Members of TJAM Holdings Limited

(continued)

Period from 5 March 2020 to 31 December 2020

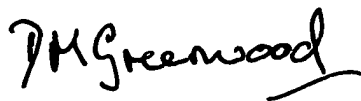
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



David Greenwood FCA (Senior Statutory Auditor)

For and on behalf of
Whitehead & Aldrich
Chartered accountants & statutory auditor
5 Ribblesdale Place
Preston
Lancashire
PR1 8BZ

15th September 2021

TJAM Holdings Limited

Consolidated Statement of Comprehensive Income

Period from 5 March 2020 to 31 December 2020

	2 0 2 0	Memo 2 0 2 0 TJA Motors Limited pre acquisition £000	Memo 2 0 1 9 TJA Motors Limited pre acquisition £000
Turnover	18,289	6,595	34,560
Cost of sales	<u>(16,145)</u>	<u>(5,822)</u>	<u>(31,005)</u>
Gross profit	2,144	773	3,555
Administrative expenses	<u>(2,643)</u>	<u>(951)</u>	<u>(4,021)</u>
Other operating income	<u>838</u>	<u>302</u>	<u>1,080</u>
Operating profit	339	124	614
Other interest receivable and similar income	<u>3</u>	<u>1</u>	<u>18</u>
Profit before taxation	342	125	632
Tax on profit	<u>(83)</u>	<u>(27)</u>	<u>(136)</u>
Profit for the financial period and total comprehensive income	<u>259</u>	<u>98</u>	<u>496</u>

The notes on pages 16 to 28 form part of these financial statements.

TJAM Holdings Limited**Consolidated Statement of Financial Position****31 December 2020**

	Note	£000	£000
Fixed assets			
Intangible assets	12		472
Tangible assets	13		<u>2,958</u>
			3,430
Current assets			
Stocks	15	6,359	
Debtors	16	1,099	
Cash at bank and in hand		<u>3,492</u>	
		10,950	
Creditors: amounts falling due within one year	17	<u>10,705</u>	
Net current assets			<u>245</u>
Total assets less current liabilities			3,675
Provisions			
Taxation including deferred tax	18		<u>83</u>
Net assets			<u><u>3,592</u></u>
Capital and reserves			
Called up share capital	21		108
Merger reserve	22		3,225
Profit and loss account	22		<u>259</u>
Shareholders funds			<u><u>3,592</u></u>

These financial statements were approved by the board of directors and authorised for issue on 15th September 2021, and are signed on behalf of the board by:



T. J. A. McPHAIL
Director

Company registration number: 12499437

The notes on pages 16 to 28 form part of these financial statements.

TJAM Holdings Limited**Company Statement of Financial Position****31 December 2020**

	Note	£000	£000
Fixed assets			
Tangible assets	13		1,689
Investments	14		<u>5,019</u>
			6,708
Current assets			
Debtors	16	451	
Creditors: amounts falling due within one year	17	<u>3,567</u>	
Net current liabilities			<u>3,116</u>
Total assets less current liabilities			<u>3,592</u>
Net assets			<u>3,592</u>
Capital and reserves			
Called up share capital	21		108
Merger reserve	22		3,225
Profit and loss account	22		<u>259</u>
Shareholders funds			<u>3,592</u>

The profit for the financial period of the parent company was £259,000.

These financial statements were approved by the board of directors and authorised for issue on 15th September 2021, and are signed on behalf of the board by:



T. J. A. McPHAIL
Director

Company registration number: 12499437

The notes on pages 16 to 28 form part of these financial statements.

TJAM Holdings Limited

Consolidated Statement of Changes in Equity

Period from 5 March 2020 to 31 December 2020

	Called up share capital £000	Merger reserve £000	Profit and loss account £000	Total £000
At 5 March 2020	—	—	—	—
Profit for the period	—	—	259	259
Total comprehensive income for the period	—	—	259	259
Issue of shares	108	—	—	108
Premium on value of TJA Motors Limited shares	—	3,225	—	3,225
Total investments by and distributions to owners	108	3,225	—	3,333
At 31 December 2020	<u>108</u>	<u>3,225</u>	<u>259</u>	<u>3,592</u>

The notes on pages 16 to 28 form part of these financial statements.

TJAM Holdings Limited**Company Statement of Changes in Equity****Period from 5 March 2020 to 31 December 2020**

	Called up share capital £000	Merger reserve £000	Profit and loss account £000	Total £000
At 5 March 2020	—	—	—	—
Profit for the period	—	—	259	259
Total comprehensive income for the period	—	—	259	259
Issue of shares	108	—	—	108
Premium on value of TJA Motors Limited shares	—	3,225	—	3,225
Total investments by and distributions to owners	108	3,225	—	3,333
At 31 December 2020	<u>108</u>	<u>3,225</u>	<u>259</u>	<u>3,592</u>

The notes on pages 16 to 28 form part of these financial statements.

TJAM Holdings Limited**Consolidated Statement of Cash Flows****Period from 5 March 2020 to 31 December 2020**

	£000
Cash flows from operating activities	
Profit for the financial period	259
<i>Adjustments for:</i>	
Depreciation of tangible assets	101
Amortisation of intangible assets	39
Other interest receivable and similar income	(3)
Tax on profit	83
<i>Changes in:</i>	
Stocks	38
Trade and other debtors	(325)
Trade and other creditors	1,400
Cash generated from operations	1,592
Interest received	3
Net cash from operating activities	<u>1,595</u>
Cash flows from investing activities	
Purchase of tangible assets	(79)
Proceeds from sale of tangible assets	(1)
Acquisition of subsidiaries	(1,544)
Net cash acquired with subsidiary	3,521
Net cash from investing activities	<u>1,897</u>
Net increase in cash and cash equivalents	3,492
Cash and cash equivalents at beginning of period	<u>—</u>
Cash and cash equivalents at end of period	<u>3,492</u>

The notes on pages 16 to 280 form part of these financial statements.

TJAM Holdings Limited

Notes to the Financial Statements

Period from 5 March 2020 to 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 5 Ribblesdale Place, Preston, Lancashire, PR1 8BZ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

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

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under 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.

Consolidation

The financial statements consolidate the financial statements of TJAM Holdings Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the period are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

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 and 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:

- The estimated useful life of the tangible fixed assets and the depreciation rates used thereon.
- The net realisable value of slow moving stock.
- The recoverability of the debtors.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

3. Accounting policies (continued)

Revenue recognition

Turnover, which excludes value added tax and trade discounts, represents the value of goods and services supplied and arises wholly in the U.K.

Revenue is measured at invoice price, excluding value added taxes, and principally comprises external vehicle sales, parts and servicing. Vehicle and parts sales are recognised when substantially all risks and rewards have been transferred to the customer. For vehicle sales this is generally when the customer has signed a contract to purchase a car that is available for delivery. Service sales are recognised in line with the work performed.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	At 10% on cost
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TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

3. Accounting policies (continued)

Amortisation (continued)

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold land and buildings	-	At 2% on cost
Short leasehold property	-	At 5% on cost or at equal instalments over the lease term
Plant and machinery	-	Between 20% and 33.3% on cost
Fixtures and fittings	-	At 20% on cost

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Defined contribution plans

The group operates a defined contribution pension scheme for employees and certain directors. The assets of the scheme are held separately from those of the company. The group also contributes to the money purchase personal pension scheme of a director. The annual contributions payable are charged to the profit and loss account.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

4. Turnover

Turnover arises from:

	Group post acquisition £000
Sale of goods	16,539
Rendering of services	<u>1,750</u>
	<u>18,289</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	Group post acquisition £000
Other operating income	<u>838</u>

6. Operating profit

Operating profit or loss is stated after charging:

	Group post acquisition £000
Amortisation of intangible assets	39
Depreciation of tangible assets	100
Operating lease rentals	33

7. Auditor's remuneration

	Group post acquisition £000
Fees payable for the audit of the financial statements	<u>15</u>
Fees payable to the company's auditor and its associates for other services:	
Other non-audit services	<u>12</u>

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

8. Staff costs

The average number of persons employed by the group during the period, including the directors, amounted to:

	No.
Administrative staff	29
Number of other staff	39
	<u>68</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Group post acquisition £000
Wages and salaries	1,464
Social security costs	146
Other pension costs	47
	<u>1,657</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Group post acquisition £000
Remuneration	96
Company contributions to defined contribution pension plans	18
	<u>114</u>

10. Other interest receivable and similar income

	Group post acquisition £000
Interest on cash and cash equivalents	<u>3</u>

11. Tax on profit

Major components of tax expense

	Group post acquisition £000
Current tax:	
UK current tax expense	81

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

11. Tax on profit (continued)

	Group post acquisition £000
Deferred tax:	
Origination and reversal of timing differences	<u>2</u>
Tax on profit	<u>83</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19%.

	Group post acquisition £000
Profit on ordinary activities before taxation	<u>342</u>
Profit on ordinary activities by rate of tax	65
Effect of expenses not deductible for tax purposes	2
Effect of capital allowances and depreciation	14
Deferred tax - accelerated capital allowances	<u>2</u>
Tax on profit	<u>83</u>

12. Intangible assets

Group	Goodwill £000
Cost	
Original cost of assets acquired at 7th April 2020	124
Acquisitions through business combinations	<u>396</u>
At 31 December 2020	<u>520</u>
Amortisation	
Accumulated amortisation of assets acquired at 7th April 2020	9
Charge for the period	<u>39</u>
At 31 December 2020	<u>48</u>
Carrying amount	
At 31 December 2020	<u>472</u>

The company has no intangible assets.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

13. Tangible assets

Group	Freehold land and buildings £000	Short leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost					
Original cost of assets acquired at 7th April 2020	1,924	1,324	384	293	3,925
Additions	1	–	30	48	79
Disposals	–	–	(69)	–	(69)
At 31 December 2020	1,925	1,324	345	341	3,935
Depreciation					
Accumulated depreciation of assets acquired at 7th April 2020	81	244	339	282	946
Charge for the period	13	54	25	9	101
Disposals	–	–	(70)	–	(70)
At 31 December 2020	94	298	294	291	977
Carrying amount					
At 31 December 2020	1,831	1,026	51	50	2,958

Company

	Freehold land and buildings £000
Cost	
At 5 March 2020	–
Additions/transfer from group undertaking	1,701
At 31 December 2020	1,701
Depreciation	
At 5 March 2020	–
Charge for the period	12
At 31 December 2020	12
Carrying amount	
At 31 December 2020	1,689

14. Investments

The group has no investments.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

14. Investments (continued)

Company	Shares in group undertakings £000
Cost	
At 5 March 2020	—
Additions	8,377
At 31 December 2020	<u>8,377</u>
Impairment	
At 5 March 2020	—
Impairment losses	3,358
At 31 December 2020	<u>3,358</u>
Carrying amount	
At 31 December 2020	<u>5,019</u>

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
TJA Motors Limited	Ordinary	100

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

14. Investments (continued)

On 7th April 2020 the company acquired 100% of the issued share capital of TJA Motors Limited, a group of companies whose primary activity is that of ford dealerships, for £8,376,740. The purchase has been accounted for as an acquisition in the consolidated accounts.

The assets and liabilities acquired were as follows:

	Net book value at acquisition £000	Fair value adjustment £000	Fair value at acquisition £000
Intangible assets	114	–	114
Tangible assets	2,979	–	2,979
Stocks	6,397	–	6,397
Debtors	774	–	774
Cash at bank	3,521	–	3,521
Creditors	5,724	–	5,724
Deferred taxation	81	–	81
Net assets at 7th April 2020	7,981	–	7,981
Goodwill on acquisition	–	396	396
Cost of acquisition	<u>7,981</u>	<u>396</u>	<u>8,377</u>
Satisfied by:			
Shares issued – 107,515 ordinary shares of £1 each	108	3,225	3,333
Cash	1,500	–	1,500
Loan notes	3,500	–	3,500
Acquisition expenses	44	–	44
Total	<u>5,152</u>	<u>3,225</u>	<u>8,377</u>

Fair value adjustments comprise a write up of the valuation of 107,515 ordinary shares of £1 each issued at par as part of the consideration for the acquisition of TJA Motors Limited.

15. Stocks

	Group 31 December 2020 £000	Company 31 December 2020 £000
Finished goods and goods for resale	<u>6,359</u>	<u>–</u>

New vehicle stocks amounting to £5,205,800 have been placed as security for certain trade creditors.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

16. Debtors

	Group 31 December 2020 £000	Company 31 December 2020 £000
Trade debtors	637	—
Amounts owed by subsidiary undertakings	—	451
Prepayments and accrued income	82	—
Other debtors	380	—
	<u>1,099</u>	<u>451</u>

17. Creditors: amounts falling due within one year

	Group 31 December 2020 £000	Company 31 December 2020 £000
Loan notes	3,500	3,500
Trade creditors	6,656	—
Accruals and deferred income	323	7
Corporation tax	110	7
Social security and other taxes	116	53
	<u>10,705</u>	<u>3,567</u>

Trade creditors includes an amount of £5,205,800 secured by way of debenture over new vehicle stocks.

Loan notes of £3,500,000 outstanding and held by TJA McPhail following TJAM Holdings Limited acquisition of subsidiary company TJA Motors Limited. These loan notes are interest free for minimum period of one year and any future interest will be payable at 0.5% above base rate.

18. Provisions

Group	Deferred tax (note 19) £000
Acquired at 7th April 2020	81
Additions	10
Charge against provision	(8)
At 31 December 2020	<u>83</u>

The company does not have any provisions.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group 31 December 2020 £000	Company 31 December 2020 £000
Included in provisions (note 18)	<u>83</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group 31 December 2020 £000	Company 31 December 2020 £000
Accelerated capital allowances	12	—
Gain on leasehold land and buildings acquired through business combination	<u>71</u>	<u>—</u>
	<u>83</u>	<u>—</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £47,229.

21. Called up share capital

Issued, called up and fully paid

	No.	£
Ordinary shares of £1 each	<u>107,515</u>	<u>108</u>

22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Merger reserve - This reserve records the premium arisen on the value of subsidiary shares purchased by the company.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

23. Notes to the cash flow statement acquisition of subsidiary

Net assets acquired:

	£000
Intangible assets	114
Tangible assets	2,980
Stocks	6,397
Debtors	774
Cash at bank	3,521
Creditors	(5,724)
Deferred taxation	(81)
Goodwill	396
Total	8,377
Shares allocated	108
Fair value of shares allocated	3,225
Loan notes	3,500
Cash paid – Cash	1,500
– Stamp duty	44
Total	8,377

24. Analysis of changes in net debt

	At 5 March 2020 £000	Cash flows £000	At 31 December 2020 £000
Cash at bank and in hand	–	3,492	3,492
Debt due within one year	–	(3,500)	(3,500)
	–	(8)	(8)

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group 31 December 2020 £000	Company 31 December 2020 £000
Not later than 1 year	33	–
Later than 1 year and not later than 5 years	130	–
Later than 5 years	358	–
	<u>521</u>	<u>–</u>

26. Contingent liabilities

VAT overpayments have been recovered in prior periods from HMRC in respect of demonstrator vehicles. These payments are in respect of a period during which the Company was part of a VAT Group. Under applicable regulation the Company could have a contingent liability to HMRC in respect of any overpayment of VAT refunds received by the VAT Group which Prious Limited, the VAT representative member of the VAT Group fails to pay. The Company is not aware of any such overpayments.

TJAM Holdings Limited

Notes to the Financial Statements (continued)

Period from 5 March 2020 to 31 December 2020

27. Directors' advances, credits and guarantees

Loan notes of £3,500,000 owed to director TJA McPhail are outstanding at the year end and redeemable on demand.

No interest has been charged on these loan notes, as they are subject to interest free period of minimum one year.

28. Controlling party

The company is controlled by the TJA McPhail Discretionary Trust.