

COMPANY REGISTRATION NUMBER: 04262056

MICHAEL JEFFERY LIMITED
FINANCIAL STATEMENTS
31 December 2022

MICHAEL JEFFERY LIMITED

FINANCIAL STATEMENTS

Year ended 31 December 2022

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MICHAEL JEFFERY LIMITED

STRATEGIC REPORT

Year ended 31 December 2022

The results for the year and financial position at the year end are considered unsatisfactory by the director. The first 9 months of trading were in line with expectations. A decision was taken to dispose of the location know as Stirling and sell together with the Suzuki franchise to Motorhouse of Coleford Limited. This was a 3-part transaction property, assets and manufacture franchise agreement this was all due to complete 31/08/2022. Suzuki and Motorhouse signed a franchise agreement in advance of that date, we closed our business down in preparation including disposal of vehicle stocks. The tupe transfer were completed to favour Motorhouse, all Suzuki systems were closed to our access and reopened to favour Motorhouse. As the franchise agreement was signed, we allowed Motorhouse access to the building, the building transaction was due to complete a few days later. Suzuki changed signs on building and notified network of change of franchise. As we were unable to trade past 1/9 we continued as normal. On the 7th September Motorhouse left the site. Our position was they had traded and completed the contracted. This transaction clearly involved Suzuki GB who took the position to not engage in any communication regarding this matter. When pushed legally SGB issued breach of contract on us. The remainder of the year the profit was wasted on legal costs and reopening the business. We have now sold the property and continue to operate Suzuki in the property next door. Principal Activity The company operates out of its premises in Ponthir South Wales and Hereford in the West of England. Selling new and used cars and providing repairs and servicing. Review of business The directors believe the key business indicators in this market are turnover, gross margin and profit before tax. The performance of the company was as follows:

	2022	2021
Turnover (£'000)	35,769	31,382
Gross Profit (%)	9.6	5.2
Profit/(Loss) before taxation (£'000)	(50)	277

The company has faced continued difficulties from the Covid-19 pandemic and the reduction in furlough support. New car supply and price increases has also affected the business adversely. Despite the challenging economic conditions over the past few years, the company has managed to maintain its strong position in the market place. The directors are cautiously optimistic that, provided the UK economy continues to improve, the company will still be profitable next year. Future developments We will continue to focus on our retail used car sales and the opportunities that the Renault and Dacia franchises bring.

Principal risks and uncertainties

The company is reliant on the car market and therefore any change to the level of activity is likely to affect results. During 2022 the principal issues have been new car supply and increasing prices across the motor industry. There are a number of risks that could harm the profitability of the business. The director actively manages the company on a day to day basis and takes active measures to ensure these risks are understood and minimised. In the opinion of the director, there are no issues with going concern.

This report was approved by the board of directors on 26 April 2024 and signed on behalf of the board by:

Mr M F Jeffery

Director

MICHAEL JEFFERY LIMITED

DIRECTOR'S REPORT

Year ended 31 December 2022

The director presents his report and the financial statements of the company for the year ended 31 December 2022 .

Director

The director who served the company during the year was as follows:

Mr M F Jeffery

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 27 to the financial statements.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations. Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the director is required to: - select suitable accounting policies and then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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 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 company's auditor is aware of that information.

This report was approved by the board of directors on 26 April 2024 and signed on behalf of the board by:

Mr M F Jeffery

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICHAEL JEFFERY LIMITED

Year ended 31 December 2022

Opinion

We have audited the financial statements of Michael Jeffery Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, balance sheet, 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 company's affairs as at 31 December 2022 and of its loss for the year 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 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.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company incurred a net loss of £56,900 during the year ended 31 December 2022 and had an overdraft facility of £1.9m which was being utilised and due for renewal on 30 April 2024. As stated in Note 3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and returns; or - certain disclosures of director's remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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: We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. 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 internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director. - Conclude on the appropriateness of the director's 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 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 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. 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.

Jonathan Harrhy

(Senior Statutory Auditor)

For and on behalf of

Kilsby & Williams LLP

Chartered Accountants & statutory auditor

Cedar House

Hazell Drive

Newport

NP10 8FY

29 April 2024

MICHAEL JEFFERY LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 31 December 2022

		2022	2021
	Note	£	£
TURNOVER	4	35,769,066	31,381,969
Cost of sales		(33,625,724)	(29,758,205)
		-----	-----
GROSS PROFIT		2,143,342	1,623,764
Administrative expenses		(2,337,498)	(1,835,762)
Other operating income	5	185,109	488,921
		-----	-----
OPERATING (LOSS)/PROFIT	6	(9,047)	276,923
Interest payable and similar expenses	10	(41,059)	(331)
		-----	-----
(LOSS)/PROFIT BEFORE TAXATION		(50,106)	276,592
Tax on (loss)/profit	11	(6,794)	(58,453)
		-----	-----
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		(56,900)	218,139
		-----	-----
Dividends paid and payable	12	(202,000)	—
RETAINED EARNINGS AT THE START OF THE YEAR		1,456,255	1,238,116
		-----	-----
RETAINED EARNINGS AT THE END OF THE YEAR		1,197,355	1,456,255
		-----	-----

All the activities of the company are from continuing operations.

MICHAEL JEFFERY LIMITED

BALANCE SHEET

31 December 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	95,522	110,425
Tangible assets	14	635,700	635,441
		731,222	745,866
CURRENT ASSETS			
Stocks	16	3,323,374	3,537,172
Debtors	17	1,052,531	633,174
Cash at bank and in hand		7,402	7,122
		4,383,307	4,177,468
CREDITORS: amounts falling due within one year	19	(3,709,155)	(3,372,182)
NET CURRENT ASSETS		674,152	805,286
TOTAL ASSETS LESS CURRENT LIABILITIES		1,405,374	1,551,152
CREDITORS: amounts falling due after more than one year	20	(106,328)	—
PROVISIONS	21	(91,691)	(84,897)
NET ASSETS		1,207,355	1,466,255
CAPITAL AND RESERVES			
Called up share capital	24	10,000	10,000
Profit and loss account		1,197,355	1,456,255
SHAREHOLDERS FUNDS		1,207,355	1,466,255

These financial statements were approved by the board of directors and authorised for issue on 26 April 2024 , and are signed on behalf of the board by:

Mr M F Jeffery

Director

Company registration number: 04262056

MICHAEL JEFFERY LIMITED**STATEMENT OF CASH FLOWS****Year ended 31 December 2022**

	2022	2021
Note	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the financial year	(56,900)	218,139
<i>Adjustments for:</i>		
Depreciation of tangible assets	141,744	146,382
Amortisation of intangible assets	14,903	14,904
Government grant income	(8,000)	(488,921)
Interest payable and similar expenses	41,059	331
Gains on disposal of tangible assets	(5,213)	(5,306)
Tax on (loss)/profit	6,794	58,453
Accrued expenses	7,944	6,814
<i>Changes in:</i>		
Stocks	213,798	(849,986)
Trade and other debtors	(197,274)	(162,925)
Trade and other creditors	(612,418)	585,523
	-----	-----
Cash generated from operations	(453,563)	(476,592)
Interest paid	(41,059)	(331)
Tax received/(paid)	1,844	(139,731)
	-----	-----
Net cash used in operating activities	(492,778)	(616,654)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(147,341)	(115,700)
Proceeds from sale of tangible assets	10,551	6,191
	-----	-----
Net cash used in investing activities	(136,790)	(109,509)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	188,765	—
Repayments of borrowings	(10,603)	—
(Repayment)/Funds introduced by director	(222,083)	(468,771)
Government grant income	8,000	488,921
Movement on stocking loan	406,521	379,777
Dividends paid	(202,000)	—
	-----	-----
Net cash from financing activities	168,600	399,927
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(460,968)	(326,236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(887,635)	(561,399)
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CASH AND CASH EQUIVALENTS AT END OF YEAR	18 (1,348,603)	(887,635)
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MICHAEL JEFFERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Ponthir Road Service Station, Ponthir Road, Caerleon, Newport, NP18 3XL.

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, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

Going concern

The financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue on operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern. The company had generated a loss of £56,900 (2021: profit £218,139) and had a net assets of £1,207,355 (2021: £1,466,255) at the year ended 31 December 2022. Current liabilities include an overdraft facility of £1.9m which is due for renewal on 30 April 2024. The company is currently in discussion with the bank to renew the overdraft facility and have reasonable expectation that the facility will be renewed at a reduced £1.2m level, with the shortfall of £0.7m replaced by a £0.7m commercial mortgage. At the date of signing the financial statements, updated forecasts have been prepared which shows the company having sufficient headroom to meet its liabilities as and when they fall due for a period of 12 months from the date of signing. This is dependent upon the revised banking facilities noted above. The director is confident that the support of the company's bankers will continue and the company will be able to continue trading and have sufficient funds to discharge its obligations as and when they become payable. Therefore, the director is satisfied that the company is a going concern based on post year end trading. The financial statements have therefore been prepared on a going concern basis.

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. Key sources of estimation uncertainty Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: Provisions Provisions are included against stock value. These provisions require management's best estimate based on historical experience and current knowledge of the trading difficulties of customers. Useful economic life of tangible fixed 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.

Turnover

The turnover shown in the profit and loss account is derived from ordinary activities and represents amounts chargeable in respect of the sale and repair of motor vehicles and the sale of vehicle parts in the financial year, exclusive of Value Added Tax.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. 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	-	5 - 10% straight line
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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. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Leasehold Property	-	10% Straight line
Plant & Machinery	-	20% Straight Line
Fixtures & Fittings	-	33.33% Straight Line
Motor Vehicles	-	33% Straight line

Investments

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

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset. Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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 entity after deducting all of its financial liabilities. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4. TURNOVER

Turnover arises from:

	2022	2021
	£	£
Sale of goods	35,769,066	31,381,969
	-----	-----

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

5. OTHER OPERATING INCOME

	2022	2021
	£	£
Government grant income	8,000	488,921
Other operating income	177,109	—
	-----	-----
	185,109	488,921
	-----	-----

6. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Amortisation of intangible assets	14,903	14,904
Depreciation of tangible assets	149,476	146,380
Gains on disposal of tangible assets	(5,213)	(5,306)
Impairment of trade debtors	28,357	35
	-----	-----

7. AUDITOR'S REMUNERATION

	2022	2021
	£	£
Fees payable for the audit of the financial statements	12,000	11,000
	-----	-----

8. STAFF COSTS

The average number of persons employed by the company during the year, including the director, amounted to:

	2022	2021
	No.	No.
Production staff	68	82
Administrative staff	10	12
	---	---
	78	94
	---	---

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

	2022	2021
	£	£
Wages and salaries	3,007,270	2,437,787
	-----	-----

9. DIRECTOR'S REMUNERATION

The director's aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	17,013	8,800
	-----	-----

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Interest on banks loans and overdrafts	6,695	—
Other interest payable and similar charges	34,364	331
	-----	---
	41,059	331
	-----	---

11. TAX ON (LOSS)/PROFIT

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	—	68,347
Adjustments in respect of prior periods	—	(32,933)
	---	-----
Total current tax	—	35,414
	---	-----
Deferred tax:		
Origination and reversal of timing differences	6,794	23,039
	-----	-----
Tax on (loss)/profit	6,794	58,453
	-----	-----

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19 % (2021: 19 %).

	2022	2021
	£	£
(Loss)/profit on ordinary activities before taxation	(50,106)	276,592
	-----	-----
(Loss)/profit on ordinary activities by rate of tax	9,520	52,720
Adjustment to tax charge in respect of prior periods	—	(33,473)
Effect of expenses not deductible for tax purposes	(3,215)	4,054
Effect of capital allowances and depreciation	18,739	14,777
Effect of different UK tax rates on some earnings	(22,042)	20,375
Super-deduction	3,792	—
	-----	-----
Tax on (loss)/profit	6,794	58,453
	-----	-----

12. DIVIDENDS

	2022	2021
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	202,000	—
	-----	---

13. INTANGIBLE ASSETS

	Goodwill
	£
Cost	
At 1 January 2022 and 31 December 2022	241,786

Amortisation	
At 1 January 2022	131,361
Charge for the year	14,903

At 31 December 2022	146,264

Carrying amount	
At 31 December 2022	95,522

At 31 December 2021	110,425

14. TANGIBLE ASSETS

	Leasehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2022	894,433	423,182	62,512	44,540	1,424,667
Additions	119,197	1,269	—	26,875	147,341
Disposals	—	—	—	(10,674)	(10,674)
	-----	-----	-----	-----	-----
At 31 December 2022	1,013,630	424,451	62,512	60,741	1,561,334
	-----	-----	-----	-----	-----
Depreciation					
At 1 January 2022	395,412	300,919	62,508	30,387	789,226
Charge for the year	83,518	47,106	4	11,116	141,744
Disposals	—	—	—	(5,336)	(5,336)
	-----	-----	-----	-----	-----
At 31 December 2022	478,930	348,025	62,512	36,167	925,634
	-----	-----	-----	-----	-----

Carrying amount

At 31 December 2022	534,700	76,426	—	24,574	635,700
	-----	-----	-----	-----	-----
At 31 December 2021	499,021	122,263	4	14,153	635,441
	-----	-----	-----	-----	-----

15. INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 2022	260,058
Disposals	(260,058)

At 31 December 2022	—

Impairment	
At 1 January 2022	260,058
Disposals	(260,058)

At 31 December 2022	—

Carrying amount	
At 31 December 2022	—

At 31 December 2021	—

16. STOCKS

	2022	2021
	£	£
Stock	3,323,374	3,537,172
	-----	-----

17. DEBTORS

	2022	2021
	£	£
Trade debtors	335,671	371,155
Prepayments and accrued income	132,182	40,399
Director's loan account	382,340	160,257
Other debtors	202,338	61,363
	-----	-----
	1,052,531	633,174
	-----	-----

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2022	2021
	£	£
Cash at bank and in hand	7,402	7,122
Bank overdrafts	(1,356,005)	(894,757)
	-----	-----
	(1,348,603)	(887,635)
	-----	-----

19. CREDITORS: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	1,427,839	894,757
Trade creditors	264,571	940,474
Accruals and deferred income	56,426	48,482
Corporation tax	69,479	67,635
Social security and other taxes	131,403	—
Stocking loan	1,583,687	1,177,165
Other creditors	175,750	243,669
	-----	-----

3,709,155

3,372,182

The above includes secured creditors of £3,011,526 (2021 - £2,071,715). The trade loans are secured over the assets to which they relate. The bank overdraft is secured by a fixed and floating charge over all current and future assets of the company.

20. CREDITORS: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans and overdrafts	106,328	—
	-----	----

The above includes secured creditors of £106,328 (2021 - £-). Security over the bank loan borrowings of the company is as follows:- debenture and guarantee from the company - legal mortgage on the freehold property at Ponthir - legal mortgage on the freehold property at Hereford - legal mortgage on the freehold property at Caerleon The director owns the land and buildings at these sites personally.

21. PROVISIONS

	Deferred tax (note 22) £
At 1 January 2022	84,897
Additions	6,794

At 31 December 2022	91,691

22. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2022	2021
	£	£
Included in provisions (note 21)	91,691	84,897
	-----	-----

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

	2022	2021
	£	£
Accelerated capital allowances	91,691	84,897
	-----	-----

The net deferred tax liability is expected to increase in 2023 by £1,430. This is due to the reversal of timing differences on existing fixed assets.

23. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	2022	2021
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	8,000	426,421
Government grants released to profit or loss	—	62,500
	-----	-----
	8,000	488,921

24. CALLED UP SHARE CAPITAL
Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
ordinary shares of £ 1 each	10,000	10,000	10,000	10,000
	-----	-----	-----	-----

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2022	Cash flows	At 31 Dec 2022
	£	£	£
Cash at bank and in hand	7,122	280	7,402
Bank overdrafts	(894,757)	(461,248)	(1,356,005)
Debt due within one year	–	(71,834)	(71,834)
Debt due after one year	–	(106,328)	(106,328)
	-----	-----	-----
	(887,635)	(639,130)	(1,526,765)
	-----	-----	-----

26. OPERATING LEASES

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

	2022	2021
	£	£
Not later than 1 year	2,671	2,671
Later than 1 year and not later than 5 years	4,073	6,744
	-----	-----
	6,744	9,415
	-----	-----

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

Post year end a site in Hereford which the company trades from, has been sold. The director owns this site personally.

28. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

During the year the director entered into the following advances and credits with the company:

	2022			
	Balance brought forward	Advances/ (credits) to the director	Amounts repaid	Balance outstanding
	£	£	£	£
Mr M F Jeffery	160,256	670,274	(448,190)	382,340
	-----	-----	-----	-----
	2021			
	Balance brought forward	Advances/ (credits) to the director	Amounts repaid	Balance outstanding
	£	£	£	£
Mr M F Jeffery	(308,515)	620,234	(151,463)	160,256
	-----	-----	-----	-----

MICHAEL JEFFERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2022

29. RELATED PARTY TRANSACTIONS

The company was under the control of Mr M Jeffery, the director and shareholder. Commercial rent of £138,000 (2021 - £103,500) was paid by the company to the director Mr M Jeffery in the year.

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