

BRISTOL & LONDON PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

BRISTOL & LONDON PLC

COMPANY INFORMATION

DIRECTORS

S Hart
B Jenkins
R Abel (appointed 14 August 2019)

COMPANY SECRETARY

B Jenkins

REGISTERED NUMBER

03662032

REGISTERED OFFICE

Harbour Place
Serbert Road
Portishead
Bristol
BS20 7GF

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

BANKERS

Lloyds Bank Plc
Sedgemoor House
Deangate Avenue
Taunton
Somerset
TA1 2UF

CONTENTS

| | Page |
|--|---------|
| Strategic Report | 1 - 2 |
| Directors' Report | 3 |
| Directors' Responsibilities Statement | 4 |
| Independent Auditors' Report | 5 - 7 |
| Statement of Income and Retained Earnings | 8 |
| Statement of Financial Position | 9 |
| Statement of Cash Flows | 10 |
| Analysis of Net Debt | 11 |
| Notes to the Financial Statements | 12 - 26 |

INTRODUCTION

Bristol & London PLC's principal objective remains to be a prominent provider of prestige cars to drivers involved in non-fault road traffic accidents whilst their own vehicle is being repaired. Within this service we are also able to provide a comprehensive accident management programme including credit repair.

BUSINESS REVIEW

Our pricing for credit hire is mainly determined by the General Terms of Agreement of the Association of British Insurers and as a result has remained static for some time. Referring volumes in 2019 were down on 2018 levels which resulted in lower fleet utilisation levels.

This caused gross margins to fall from 21% to 19%. A plan was put in place to reduce fleet volumes during 2020 to bring utilisation levels back up and increase the gross margin.

PRINCIPAL RISKS AND UNCERTAINTIES

The company recognises revenue, claims in progress and trade receivables under the terms of the ABI General Terms of Agreement ("GTA") after allowing for discounts that are expected to arise. This judgement is made on the basis of historical and expected net recovery from the settled claims. The ultimate settlement agreed with at fault parties may be higher or lower to that which has been estimated in the preparation of the financial statements.

The company's revenue is dependent on its ability to have fleet available with the appropriate mix of vehicle brands and models. If the company was not able to acquire sufficient fleet this would affect the company's ability to generate revenue. If the costs of operating its fleet increased significantly, this would have a detrimental effect on the company's profitability.

Covid-19

As with many business, since the year end the company has been significantly impacted by the Covid-19 pandemic. Although vehicle hire is a permitted activity under the Government lockdown rules, the enforced restrictions have caused a reduction in hire volumes because of reduced road traffic volumes.

We have undertaken detailed cashflow and performance forecast reviews to take into account the reduced volumes to ensure the company is able to meet its covenants and continue to trade as a going concern. Despite the reduction in hire volumes the Company's cash flow has been bolstered due to the significant debtor book continuing to perform in terms of cash receipts. We have also taken robust steps to mitigate the impact of the pandemic and improve cashflow by taking advantage of the Government's Corona Virus Job retention scheme, obtaining a 'Time to Pay' arrangement with HMRC, reducing capital expenditure and obtaining a £150,000 CBILS loan.

We remain of the view that the forecasted results are achievable and that these results should be sufficient to enable the company to operate and meet its liabilities as they fall due. The company has additionally undertaken a refinancing exercise and has obtained a new financing facility of £400,000 to generate additional cash headroom. The company is also able to liquidate assets at short notice to generate additional funds should trading results be worse than expected.

Whilst we are confident regarding future trading and that the company has sufficient funds to trade for the foreseeable future, there is still an inherent risk of significant disruption to the company due to Covid-19. These conditions indicate that a material uncertainty exists which may cause doubt on the company's ability to trade as a going concern and meet the financial covenants on its financing facility.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL KEY PERFORMANCE INDICATORS

| | 2019 | 2018 |
|----------------------------|-----------|-----------|
| Turnover | 6,650,634 | 8,283,835 |
| Gross Profit | 1,262,817 | 1,779,792 |
| Gross Margin | 19% | 21% |
| Profit / (loss) before tax | (293,979) | 68,404 |
| Statutory debtor days | 161 | 121 |

The directors also monitor the staff turnover rate as a key non-financial performance indicator.

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The directors act in good faith to continually balance the success of the company and the rewards to its shareholders against many other factors, including ensuring that:

- Business is conducted morally and ethically, in line with Company's values and purpose;
- Short-term gains do not have an adverse consequence on the Company's long-term strategy, success and benefits;
- Employee welfare, training and interests are taken care of;
- Customer and supplier relationships are strong, mutually beneficial and comply with the Company's policies (such as anti-bribery and corruption, anti-slavery and human trafficking and corporate social responsibility); and
- Any community and environmental impacts as a result of the Company's operations are considered.

During the financial year, the Company continued to build and maintain customer and supplier relationships, ensuring employee welfare and training was maintained at all times.

This report was approved by the board and signed on its behalf.

S Hart
Director

Date: 4 March 2021

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the financial statements for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £487,685 (2018: profit £40,998).

Dividends of £nil (2018: £40,192) were declared and paid during the year.

DIRECTORS

The Directors who served during the year were:

S Hart

B Jenkins

I Luxton (resigned 31 March 2020)

R Abel (appointed 14 August 2019)

FUTURE DEVELOPMENTS

All future developments are contained within the Strategic Report.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

Details of the impact of the Covid19 pandemic have been included within the Strategic Report. There have been no other significant events affecting the Company since the year end.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

S Hart

Director

Date: 4 March 2021

Harbour Place
Serbert Road
Portishead
Bristol
BS20 7GF

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors are responsible for preparing the Strategic Report, the 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 year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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 to 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.

OPINION

We have audited the financial statements of Bristol & London PLC (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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 2.2 in the financial statements which sets out the directors' consideration over the going concern of the company. As stated in note 2.2, the significant challenges and uncertainties caused by the Covid-19 pandemic indicate that a material uncertainty exists which 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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRISTOL & LONDON PLC (CONTINUED)

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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.

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

Ria Burridge FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

8 March 2021

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|---|------|-------------------------|-----------------------|
| Turnover | 4 | 6,650,634 | 8,283,835 |
| Cost of sales | | <u>(5,387,817)</u> | <u>(6,504,073)</u> |
| Gross profit | | 1,262,817 | 1,779,762 |
| Administrative expenses | | (1,360,814) | (1,534,866) |
| Other operating income | | 18,019 | 34,299 |
| Operating (loss)/profit | | (79,978) | 279,195 |
| Interest payable and similar charges | 8 | (214,001) | (210,791) |
| (Loss)/profit before tax | | (293,979) | 68,404 |
| Tax on (loss)/profit | 9 | (193,706) | (27,406) |
| (Loss)/profit after tax | | <u>(487,685)</u> | <u>40,998</u> |
| Retained earnings at the beginning of the year | | 248,633 | 247,827 |
| (Loss)/profit for the year | | (487,685) | 40,998 |
| Dividends declared and paid | | - | (40,192) |
| Retained earnings at the end of the year | | <u>(239,052)</u> | <u>248,633</u> |

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---|------|-----------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | - | 58,939 |
| Tangible assets | 12 | 2,576,733 | 2,643,205 |
| | | <u>2,576,733</u> | <u>2,702,144</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 2,628,500 | 3,931,191 |
| Cash at bank and in hand | 14 | 151,675 | 259,879 |
| | | <u>2,780,175</u> | <u>4,191,070</u> |
| Creditors: amounts falling due within one year | 15 | (3,392,078) | (4,098,887) |
| Net current (liabilities)/assets | | (611,903) | 92,183 |
| Total assets less current liabilities | | 1,964,830 | 2,794,327 |
| Creditors: amounts falling due after more than one year | 16 | (1,110,498) | (1,452,310) |
| Net assets | | <u>854,332</u> | <u>1,342,017</u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 251,367 | 251,367 |
| Share premium account | 21 | 826,274 | 826,274 |
| Capital redemption reserve | 21 | 15,743 | 15,743 |
| Profit and loss account | 21 | (239,052) | 248,633 |
| | | <u>854,332</u> | <u>1,342,017</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Hart
Director

Date: 4 March 2021

The notes on pages 12 to 26 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | 2019 £ | 2018 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (487,685) | 40,998 |
| Adjustments for: | | |
| Amortisation of intangible assets | 58,939 | 58,940 |
| Depreciation of tangible assets | 609,376 | 605,166 |
| Loss on disposal of tangible assets | (58,588) | (46,001) |
| Interest paid | 214,001 | 210,791 |
| Taxation charge | 193,706 | 68,859 |
| Decrease/(increase) in debtors | 1,134,857 | (397,269) |
| (Decrease)/increase in creditors | (427,601) | 184,087 |
| Corporation tax received/(paid) | 1,083 | (81,132) |
| Net cash generated from operating activities | 1,238,088 | 644,439 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (23,773) | (1,729,917) |
| Sale of tangible fixed assets | 658,746 | 585,968 |
| HP interest paid | (130,615) | (116,110) |
| Net cash from investing activities | 504,358 | (1,260,059) |
| Cash flows from financing activities | | |
| Repayment of loans | (72,307) | (65,974) |
| Other new loans | - | 371,171 |
| Repayment of other loans | (63,127) | - |
| Repayment of/new finance leases | (1,631,830) | 535,209 |
| Dividends paid | - | (40,192) |
| Interest paid | (83,386) | (94,681) |
| Net cash used in financing activities | (1,850,650) | 705,533 |
| Net (decrease)/increase in cash and cash equivalents | (108,204) | 89,913 |
| Cash and cash equivalents at beginning of year | 259,879 | 169,966 |
| Cash and cash equivalents at the end of year | 151,675 | 259,879 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 151,675 | 259,879 |
| | 151,675 | 259,879 |

The notes on pages 12 to 26 form part of these financial statements.

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | At 1 January 2019 £ | Cash flows £ | New finance leases £ | At 31 December 2019 £ |
|--------------------------|---------------------------|------------------|----------------------------|--------------------------------|
| Cash at bank and in hand | 259,879 | (108,204) | - | 151,675 |
| Debt due after 1 year | (12,709) | 12,709 | - | - |
| Debt due within 1 year | (942,920) | 122,725 | - | (820,195) |
| Finance leases | (2,575,500) | 1,631,830 | (1,119,289) | (2,062,959) |
| | <u>(3,271,250)</u> | <u>1,659,060</u> | <u>(1,119,289)</u> | <u>(2,731,479)</u> |

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. GENERAL INFORMATION

Bristol & London PLC is a public company, limited by shares, incorporated in England and Wales. The registered office is Harbour Place, Serbert Road, Portishead, Bristol, BS20 7GF.

Bristol & London PLC is an accident management company specialising in prestige vehicles. The Company offers credit hire and credit repair services to clients involved in non-fault accidents.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are prepared in Sterling which is the functional currency of the Company.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

As with many businesses, since the year end the company has been significantly impacted by the Covid-19 pandemic. Although vehicle hire is a permitted activity under the Government lockdown rules, the enforced restrictions have caused a reduction in hire volumes because of reduced road traffic volumes. The Directors have taken robust steps to mitigate the impact of the pandemic, however the future impact on the company and wider economic environment remains unclear.

The Directors remain of the view that the forecasted results are achievable and that these results should be sufficient to enable the company to operate and meet its liabilities as they fall due. The company has undertaken a refinancing exercise and has obtained a new financing facility for £400,000 to generate additional cash headroom. The company is also able to liquidate assets at short notice to generate additional funds should trading results be worse than expected.

Whilst the Directors are confident regarding future trading and that the company has sufficient funds to trade for the foreseeable future, there is still an inherent risk of significant disruption to the company due to Covid-19. These conditions indicate that a material uncertainty exists which may cause doubt on the company's ability to trade as a going concern and meet the financial covenants on its financing facility.

The financial statements have been prepared on a going concern basis. The financial statements therefore do not reflect the adjustments that would be necessary should the company be unable to continue as a going concern and be unable to realise its assets and discharge its liabilities in the normal course of business.

2. ACCOUNTING POLICIES (continued)

2.3 REVENUE

Revenue comprises income recognised by the company in respect of the supply of goods and the rendering of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue relating to car hire claims management services is measured at fair value of consideration receivable net of VAT. Revenue is recognised when services are provided, including an appropriate proportion of any services that are in progress at the reporting date. The rates used are based on estimated daily commercial tariffs for particular categories of vehicle and are accrued on a daily basis.

Credit repair revenue represents income from the recovery of the costs of repairs to customers' vehicles carried out by third party body shops. Credit repair revenue is recorded net of an estimation of the expected adjustment arising on settlement of claims when repairs are completed by third party body shops.

2.4 LEASED ASSETS: THE COMPANY AS LESSEE

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

2.5 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. ACCOUNTING POLICIES (continued)

2.8 CURRENT AND DEFERRED TAXATION

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

The estimated useful lives range as follows:

| | | | |
|----------|---|----|-------|
| Goodwill | - | 10 | years |
|----------|---|----|-------|

2.10 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. ACCOUNTING POLICIES (continued)

2.10 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and on a reducing balance method.

The estimated useful lives range as follows:

| | | |
|-----------------------|---|--|
| Motor vehicles | - | 17.5% straight-line/25% reducing balance |
| Fixtures and fittings | - | 15% straight-line |
| Computer equipment | - | 3 years straight-line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. ACCOUNTING POLICIES (continued)

2.14 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.15 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Directors are required to make judgements, estimations and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimations and assumptions are reviewed on an ongoing basis.

The critical judgements affecting the Company's financial statements are depreciation of the vehicle fleet and expected adjustments arising on the settlement of claims.

4. TURNOVER

The whole of the turnover is attributable to accident management services.

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. AUDITORS' REMUNERATION

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>10,000</u> | <u>10,200</u> |
| FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF: | | |
| Taxation compliance services | <u>1,500</u> | <u>1,500</u> |
| | <u>1,500</u> | <u>1,500</u> |

6. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

| | 2019 £ | 2018 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 1,121,760 | 1,326,561 |
| Social security costs | 84,889 | 100,152 |
| Cost of defined contribution scheme | 12,237 | 8,582 |
| | <u>1,218,886</u> | <u>1,435,295</u> |

The average monthly number of employees, including the directors during the year was as follows:

| | 2019 No. | 2018 No. |
|------------------|-------------|-------------|
| Sales | 5 | 6 |
| Administration | 25 | 28 |
| Fleet management | 32 | 40 |
| | <u>62</u> | <u>74</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. DIRECTORS' REMUNERATION

| | 2019 £ | 2018 £ |
|---|----------------|---------------|
| Directors' emoluments | 152,455 | 92,854 |
| Company contributions to defined contribution pension schemes | 2,597 | 1,239 |
| | <u>155,052</u> | <u>94,093</u> |

During the year retirement benefits were accruing to 2 Directors (2018: 2) in respect of defined contribution pension schemes.

The directors are also the key management personnel.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Bank interest payable | 21,963 | 31,273 |
| Finance leases and hire purchase contracts | 130,615 | 116,110 |
| Other interest payable | 61,423 | 63,408 |
| | <u>214,001</u> | <u>210,791</u> |

9. TAXATION

| | 2019 £ | 2018 £ |
|--|----------------|-----------------|
| CORPORATION TAX | | |
| Current tax on profits for the year | 20,806 | 68,981 |
| Adjustments in respect of previous periods | 5,066 | (122) |
| | <u>25,872</u> | <u>68,859</u> |
| DEFERRED TAX | | |
| Origination and reversal of timing differences | 167,834 | (41,453) |
| | <u>167,834</u> | <u>(41,453)</u> |
| | <u>193,706</u> | <u>27,406</u> |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | | |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19.25%). The differences are explained below:

| | 2019 £ | 2018 £ |
|---|-----------------------|----------------------|
| (Loss)/profit on ordinary activities before tax | <u>(293,979)</u> | <u>68,404</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19.25%) | (55,856) | 13,168 |
| EFFECTS OF: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 16,460 | 3,555 |
| Capital allowances for year in excess of depreciation | 60,136 | 37,766 |
| Short term timing difference leading to an increase (decrease) in taxation | (11,132) | 35 |
| Other timing differences leading to an increase in taxation | 11,198 | 14,457 |
| Adjustments to tax charge in respect of previous years | 5,066 | (122) |
| Deferred tax | 167,834 | (41,453) |
| TOTAL TAX CHARGE FOR THE YEAR | <u>193,706</u> | <u>27,406</u> |

10. DIVIDENDS

| | 2019 £ | 2018 £ |
|-----------|-----------|---------------|
| Dividends | - | 40,192 |
| | <u>-</u> | <u>40,192</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. INTANGIBLE ASSETS

| | Goodwill |
|-------------------------------------|-----------------|
| | £ |
| COST | |
| At 1 January 2019 | 589,399 |
| | <hr/> |
| At 31 December 2019 | 589,399 |
| | <hr/> |
| AMORTISATION | |
| At 1 January 2019 | 530,460 |
| Charge for the year on owned assets | 58,939 |
| | <hr/> |
| At 31 December 2019 | 589,399 |
| | <hr/> |
| NET BOOK VALUE | |
| At 31 December 2019 | - |
| | <hr/> <hr/> |
| At 31 December 2018 | <u>58,939</u> |

The goodwill balance relates to the Company's previous investment in subsidiary company Carstar Accident Management Ltd.

The trade and assets of Carstar Accident Management Ltd were transferred to the Company at their book value which was less than their fair value. The original cost of the Company's investment in Carstar Accident Management Ltd reflected the underlying value of its net assets and goodwill at the time of acquisition. As a result of the transfer, the value of the Company's investment in Carstar Accident Management Ltd fell below the amount at which it was held on the Company's statement of financial position. Schedule 1 of the Companies Act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's statement of comprehensive income.

However, the Directors considered that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's statement of comprehensive income for the year and it should be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the Company's individual statement of financial position the effective cost to the Company of those net assets and goodwill.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. TANGIBLE FIXED ASSETS

| | Motor vehicles | Fixtures and fittings | Computer equipment | Total |
|--|------------------|-----------------------|--------------------|------------------|
| | £ | £ | £ | £ |
| COST OR VALUATION | | | | |
| At 1 January 2019 | 3,432,752 | 167,870 | 395,181 | 3,995,803 |
| Additions | 1,119,289 | 3,071 | 20,702 | 1,143,062 |
| Disposals | (1,125,757) | - | - | (1,125,757) |
| At 31 December 2019 | <u>3,426,284</u> | <u>170,941</u> | <u>415,883</u> | <u>4,013,108</u> |
| DEPRECIATION | | | | |
| At 1 January 2019 | 837,141 | 148,016 | 367,441 | 1,352,598 |
| Charge for the year on owned assets | - | 5,159 | 23,953 | 29,112 |
| Charge for the year on financed assets | 580,264 | - | - | 580,264 |
| Disposals | (525,599) | - | - | (525,599) |
| At 31 December 2019 | <u>891,806</u> | <u>153,175</u> | <u>391,394</u> | <u>1,436,375</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2019 | <u>2,534,478</u> | <u>17,766</u> | <u>24,489</u> | <u>2,576,733</u> |
| At 31 December 2018 | <u>2,595,611</u> | <u>19,854</u> | <u>27,740</u> | <u>2,643,205</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2019 | 2018 |
|--------------------|------------------|------------------|
| | £ | £ |
| Motor vehicles | 2,534,478 | 2,595,611 |
| Computer equipment | - | 16,204 |
| | <u>2,534,478</u> | <u>2,611,815</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. DEBTORS

| | 2019 £ | 2018 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 2,306,134 | 3,225,763 |
| Other debtors | 6,168 | 6,528 |
| Prepayments and accrued income | 316,198 | 531,066 |
| Deferred taxation | - | 167,834 |
| | <u>2,628,500</u> | <u>3,931,191</u> |

14. CASH AND CASH EQUIVALENTS

| | 2019 £ | 2018 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 151,675 | 259,879 |
| | <u>151,675</u> | <u>259,879</u> |

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Bank loans | 12,709 | 72,307 |
| Other loans | 807,486 | 870,613 |
| Corporate bonds | 134,500 | 134,500 |
| Trade creditors | 563,332 | 644,780 |
| Corporation tax | 95,936 | 68,981 |
| Other taxation and social security | 672,279 | 872,366 |
| Obligations under finance lease and hire purchase contracts | 952,461 | 1,142,966 |
| Other creditors | 13,314 | 24,509 |
| Accruals and deferred income | 140,061 | 267,865 |
| | <u>3,392,078</u> | <u>4,098,887</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Bank loans | - | 12,709 |
| Net obligations under finance leases and hire purchase contracts | 1,110,498 | 1,432,534 |
| Other creditors | - | 7,067 |
| | <u>1,110,498</u> | <u>1,452,310</u> |

17. LOANS

Analysis of the maturity of loans is given below:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Bank loans | 12,709 | 72,307 |
| Other loans | 807,486 | 870,613 |
| | <u>820,195</u> | <u>942,920</u> |
| AMOUNTS FALLING DUE 2-5 YEARS | | |
| Bank loans | - | 12,709 |
| | <u>-</u> | <u>12,709</u> |
| | <u>820,195</u> | <u>955,629</u> |

Bank loans are secured by a fixed and floating charge over the assets of the company. The loan is repayable over 3 years and carries an interest rate of 9.2%. R Abel, director, has provided a personnel guarantee for this loan.

Other loans are secured by a fixed and floating charge over all property and assets owned by the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

| | 2019 £ | 2018 £ |
|-------------------|------------------|------------------|
| Within one year | 952,461 | 1,154,943 |
| Between 1-5 years | 1,110,498 | 1,420,551 |
| | <u>2,062,959</u> | <u>2,575,494</u> |

Finance lease and hire purchase contracts attract an interest charge of between 3% and 7% and are secured against the vehicles to which they relate.

The Directors estimate the fair value of the Company's borrowings to be equivalent to their book value.

19. DEFERRED TAXATION

| | 2019 £ |
|-----------------------|-----------|
| At beginning of year | 167,834 |
| Utilised in year | (167,834) |
| AT END OF YEAR | <u>-</u> |

The deferred tax asset is made up as follows:

| | 2019 £ | 2018 £ |
|--------------------------------|-----------|----------------|
| Decelerated capital allowances | - | 167,834 |
| | <u>-</u> | <u>167,834</u> |

20. SHARE CAPITAL

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| 25,136,707 (2018: 25,136,707) Ordinary shares of £0.01 each | <u>251,367</u> | <u>251,367</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. RESERVES**Share premium account**

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

22. CAPITAL COMMITMENTS

At 31 December 2019 the Company had capital commitments as follows:

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Contracted for but not provided in these financial statements | <u>328,204</u> | <u>585,015</u> |

23. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £12,237 (2018: £8,582). Contributions totalling £2,414 (2018: £1,919) were payable to the fund at the reporting date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| LAND & BUILDINGS | | |
| Not later than 1 year | 80,000 | 80,000 |
| Later than 1 year and not later than 5 years | 240,000 | 320,000 |
| | <u>320,000</u> | <u>400,000</u> |
| | 2019 £ | 2018 £ |
| MOTOR VEHICLES | | |
| Not later than 1 year | 183,424 | 442,397 |
| Later than 1 year and not later than 5 years | 23,941 | 105,338 |
| | <u>207,365</u> | <u>547,735</u> |

25. RELATED PARTY TRANSACTIONS

The company maintains an unsecured, interest bearing corporate bond which is repayable on demand with an individual who has significant influence over the company. Interest is charged at 8.5% and at the balance sheet date the company owed the individual £22,000 (2018: £22,000).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.