

W.G.Davies(Landore) Limited
Annual report and financial statements
For the year ended 31 December 2021

W.G.Davies(Landore) Limited

Company information

Directors	Mr M R Davies Mr M R Jones Mrs A J White Mrs D M Davies
Company number	00470607
Registered office	11 St Davids Road Swansea Enterprise Park Morriston Swansea City County Of Swansea SA6 8QL
Auditor	DJH Audit Limited The Glades Festival Way Festival Park Stoke on Trent Staffordshire ST1 5SQ

W.G.Davies(Landore) Limited

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W.G.DAVIES(LANDORE) LIMITED

Strategic report

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

The company's principal activity continued to be that of a Franchised Main Dealer for MAN Truck & Bus Limited, carrying out service and repairs on MAN vehicles.

The business operates from 4 locations across South Wales and employs approximately 75 people.

Review of the business and key financial performance indicators

The company's key financial performance indicators are turnover and profitability.

The company has continued to perform profitably in a competitive marketplace. Turnover for the year was £7.96m (2020 - £6.90m), operating profit was £594k (2020 - £640k). Profit after tax was £155k (2020 - £302k). This reduction in turnover is a direct result of lockdown during March to September. During the period September to December, the company saw a marked upturn in sales and enquiries.

Gross profit margin has decreased by 2.74% in the 12 months to 31 December 2021 to 32.41% (2020 - 35.15%), mainly due to the effect of a change in sales mix. Although the effects of this was mitigated by the effects of COVID-19 on company operations. Whilst being classed as key workers during the first lockdown in March 2020 our sales were severely hit as some of our customers saw their own demand drop off returning gradually to almost normal levels by September. During the period July to September our sales were hit by staff availability rather than lack of work as many of our staff were either isolating or shielding. During these times, it also offered us the opportunity to review some of our working practices, implement new ones or modify existing ones. Some of these changes resulted in an increase in operating profit despite the drop in turnover.

Despite the economic impact of the Covid pandemic, continued profitability is expected in 2021 as the company continues to trade strongly.

The company has prepared forecasts detailing their ongoing ability to trade profitably. These forecasts take into account the key business risks which remain in the competitive marketplace, the macro-economic Covid and Brexit climate, changing legislation.

The company retains suitably adequate finance facilities in addition to continuing shareholder support. The directors are not aware of any reason why these might be withdrawn and as a result have adopted the basis of going concern.

Principal risks and uncertainties

Economic and political climate

Continuing competitive market pressures apply across the variety of industries the company spans with particular reference to Covid, Brexit and manufacturing uncertainties providing the key commercial risks to the company. Close monitoring of external commercial performance indicators ensure the company is well placed to manage this risk.

Regulatory environment

The company operated within its regulatory environment, being regularly audited by the DVSA.

On behalf of the board

Mr M R Davies
Director

1 September 2022

W.G.Davies(Landore) Limited

Directors' report

For the year ended 31 December 2021

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

Principal activities

The principal activity of the company continued to be that of a truck dealership and maintenance provider.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £142,231. The directors do not recommend payment of a final dividend.

Directors

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

Mr M R Davies
Mr M R Jones
Mrs A J White
Mrs D M Davies

Statement of directors' responsibilities

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

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

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

W.G.Davies(Landore) Limited

Directors' report (continued)

For the year ended 31 December 2021

On behalf of the board

Mr M R Davies

Director

1 September 2022

W.G.Davies(Landore) Limited

Independent auditor's report

To the members of W.G.Davies(Landore) Limited

Opinion

We have audited the financial statements of W.G.Davies(Landore) Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

W.G.Davies(Landore) Limited

Independent auditor's report (continued)

To the members of W.G.Davies(Landore) Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

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

W.G.Davies(Landore) Limited

Independent auditor's report (continued)

To the members of W.G.Davies(Landore) Limited

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

W.G.Davies(Landore) Limited

Independent auditor's report (continued)

To the members of W.G.Davies(Landore) Limited

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.

The Glades
Festival Way
Festival Park
Stoke on Trent
Staffordshire
ST1 5SQ

2 September 2022

**Paul David Hulme FCCA
(Senior Statutory Auditor)
for and on behalf of
DJH Audit Limited**

**Chartered Certified Accountants
Statutory Auditor**

W.G.Davies(Landore) Limited

Profit and loss account

For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	7,960,278	6,897,502
Cost of sales		(5,380,104)	(4,473,164)
Gross profit		2,580,174	2,424,338
Administrative expenses		(2,561,518)	(2,204,936)
Other operating income		575,527	420,614
Operating profit	4	594,183	640,016
Interest payable and similar expenses	8	(304,834)	(207,721)
Profit before taxation		289,349	432,295
Tax on profit	9	(134,425)	(130,344)
Profit for the financial year		154,924	301,951

The profit and loss account has been prepared on the basis that all operations are continuing operations.

W.G.Davies(Landore) Limited

Statement of comprehensive income

For the year ended 31 December 2021

	2021	2020
	£	£
Profit for the year	154,924	301,951
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	154,924	301,951
	<hr/> <hr/>	<hr/> <hr/>

W.G.Davies(Landore) Limited

Balance sheet

as at 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		5,147,620		4,256,301
Current assets					
Stocks	12	539,995		441,844	
Debtors	13	1,402,865		1,011,351	
Cash at bank and in hand		327		355,672	
		<u>1,943,187</u>		<u>1,808,867</u>	
Creditors: amounts falling due within one year	14	<u>(2,683,279)</u>		<u>(2,541,859)</u>	
Net current liabilities			<u>(740,092)</u>		<u>(732,992)</u>
Total assets less current liabilities			4,407,528		3,523,309
Creditors: amounts falling due after more than one year	15		(2,944,567)		(2,241,162)
Provisions for liabilities					
Deferred tax liability	18	253,121		85,000	
		<u>(253,121)</u>		<u>(85,000)</u>	
Net assets			<u>1,209,840</u>		<u>1,197,147</u>
Capital and reserves					
Called up share capital	21		50,000		50,000
Revaluation reserve	22		628,075		628,075
Profit and loss reserves	23		531,765		519,072
Total equity			<u>1,209,840</u>		<u>1,197,147</u>

The financial statements were approved by the board of directors and authorised for issue on 2 September 2022 and are signed on its behalf by:

Mr M R Davies
Director

Mr M R Jones
Director

Company Registration No. 00470607

W.G.Davies(Landore) Limited

Statement of changes in equity

For the year ended 31 December 2021

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2020		50,000	628,075	387,121	1,065,196
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	301,951	301,951
Dividends	10	-	-	(170,000)	(170,000)
Balance at 31 December 2020		50,000	628,075	519,072	1,197,147
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	154,924	154,924
Dividends	10	-	-	(142,231)	(142,231)
Balance at 31 December 2021		50,000	628,075	531,765	1,209,840

W.G.Davies(Landore) Limited

Statement of cash flows

For the year ended 31 December 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	28	657,777	1,392,005
Interest paid		(304,834)	(207,721)
Income taxes paid		(6,994)	(30,304)
Net cash inflow from operating activities		345,949	1,153,980
Investing activities			
Purchase of tangible fixed assets		(571,592)	(397,431)
Proceeds from disposal of tangible fixed assets		86,227	45,400
Repayment of loans		(311,504)	(77,388)
Net cash used in investing activities		(796,869)	(429,419)
Financing activities			
Repayment of borrowings		-	(8,537)
Proceeds from new bank loans		884,644	950,000
Repayment of bank loans		(346,932)	(646,945)
Payment of finance leases obligations		(301,946)	(430,233)
Dividends paid		(142,231)	(170,000)
Net cash generated from/(used in) financing activities		93,535	(305,715)
Net (decrease)/increase in cash and cash equivalents		(357,385)	418,846
Cash and cash equivalents at beginning of year		355,672	(63,174)
Cash and cash equivalents at end of year		(1,713)	355,672
Relating to:			
Cash at bank and in hand		327	355,672
Bank overdrafts included in creditors payable within one year		(2,040)	-

W.G.Davies(Landore) Limited

Notes to the financial statements

For the year ended 31 December 2021

1 Accounting policies

Company information

W.G.Davies(Landore) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 11 St Davids Road, Swansea Enterprise Park, Morriston, Swansea City, County Of Swansea, SA6 8QL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of leasehold properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

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

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

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

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

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

Freehold land and buildings	2% and 10% straight line on cost
Leasehold land and buildings	Over 125 year lease
Leasehold improvements	5%, 10% and 20% straight line on cost
Plant and equipment	20%, 25% and 33% straight line on cost
Fixtures and fittings	25%, 33% and 50% straight line on cost
Motor vehicles	25% reducing balance on net book value

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

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

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

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

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.12 Retirement benefits

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

1.13 Leases

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

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

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Biomass income is recognised at the fair value of the consideration received or receivable when there is reasonable assurance that the conditions will be met and the income will be received. Payments are made for 7 years and are based on the amount of renewable heat made by the heating system. This is paid through the Non-Domestic RHI scheme.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Parts	3,587,062	3,291,596
Maintenance	3,931,779	3,389,572
Vehicle Rentals	238,185	216,334
Used vehicle sales	103,252	-
	<u>7,960,278</u>	<u>6,897,502</u>

	2021 £	2020 £
Other revenue		
Grants received	7,069	156,151
Sundry income	539,423	241,016
	<u>546,492</u>	<u>407,167</u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(7,069)	(156,151)
Depreciation of owned tangible fixed assets	122,616	102,124
Depreciation of tangible fixed assets held under finance leases	207,085	111,178
Profit on disposal of tangible fixed assets	(37,583)	(10,142)
Operating lease charges	72,100	72,100
	<u>357,149</u>	<u>179,108</u>

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	17,459	16,950
For other services		
All other non-audit services	17,501	886

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	171,430	168,008
Company pension contributions to defined contribution schemes	18,692	13,785
	190,122	181,793

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

7 Employees

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

	2021	2020
	Number	Number
Management	4	4
Administrators	36	29
Workshop	40	42
Total	80	75

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,211,085	1,940,485
Social security costs	222,395	190,881
Pension costs	122,971	108,866
	2,556,451	2,240,232

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	104,650	88,038
Other finance costs:		
Interest on finance leases and hire purchase contracts	200,184	119,683
	<u>304,834</u>	<u>207,721</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	45,344
	<u>-</u>	<u>45,344</u>
Deferred tax		
Origination and reversal of timing differences	134,425	85,000
	<u>134,425</u>	<u>85,000</u>
Total tax charge	<u>134,425</u>	<u>130,344</u>

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

	2021	2020
	£	£
Profit before taxation	<u>289,349</u>	<u>432,295</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	54,976	82,136
Tax effect of expenses that are not deductible in determining taxable profit	2,248	1,367
Depreciation on assets not qualifying for tax allowances	12,977	-
Deferred tax adjustments in respect of prior years	137,007	-
Depreciation	-	40,527
Capital allowances	-	(76,759)
Profit on disposal	-	(1,927)
Deferred tax	-	85,000
	(12,783)	-
Under/(over) provided in current year	<u>(60,000)</u>	<u>-</u>
Taxation charge for the year	<u>134,425</u>	<u>130,344</u>

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

10 Dividends

	2021	2020
	£	£
Interim paid	142,231	170,000
	<u> </u>	<u> </u>

W.G.Davies(Landore) Limited

Notes to the financial statements (continued) For the year ended 31 December 2021

11 Tangible fixed assets	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 January 2021	1,265,307	1,663,057	1,471,508	465,972	221,543	453,970	5,541,357
Additions	17,800	606,187	233,914	183,592	35,411	192,760	1,269,664
Disposals	-	-	-	(15,438)	-	(143,399)	(158,837)
At 31 December 2021	1,283,107	2,269,244	1,705,422	634,126	256,954	503,331	6,652,184
Depreciation and impairment							
At 1 January 2021	90,088	64,969	414,617	255,295	183,942	276,145	1,285,056
Depreciation charged in the year	35,153	45,345	88,100	61,183	21,823	78,097	329,701
Eliminated in respect of disposals	-	-	-	(12,288)	-	(97,905)	(110,193)
At 31 December 2021	125,241	110,314	502,717	304,190	205,765	256,337	1,504,564
Carrying amount							
At 31 December 2021	1,157,866	2,158,930	1,202,705	329,936	51,189	246,994	5,147,620
At 31 December 2020	1,175,219	1,598,088	1,056,891	210,677	37,601	177,825	4,256,301

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and equipment	1,538,941	1,063,270
Motor vehicles	172,731	141,160
	<u>1,711,672</u>	<u>1,204,430</u>

Included within leasehold land and buildings is leasehold property which was revalued to £650,000 at 31/12/2017 by CLC Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to RICS standards and was based on recent market transactions on arm's length terms for similar properties.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	Leasehold land and buildings	
	2021 £	2020 £
Cost	137,755	137,755
Accumulated depreciation	(57,397)	(56,295)
Carrying value	<u>80,358</u>	<u>81,460</u>

12 Stocks

	2021 £	2020 £
Raw materials and consumables	486,172	412,398
Work in progress	53,823	29,446
	<u>539,995</u>	<u>441,844</u>

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

13 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	557,410	593,365
Other debtors	719,234	292,866
Prepayments and accrued income	92,525	125,120
	<u>1,369,169</u>	<u>1,011,351</u>
	2021	2020
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 18)	33,696	-
	<u>33,696</u>	<u>-</u>
Total debtors	<u>1,402,865</u>	<u>1,011,351</u>

14 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	16	860,151	644,594
Obligations under finance leases	17	405,223	390,107
Trade creditors		577,864	639,417
Corporation tax		38,350	45,344
Other taxation and social security		485,847	649,873
Deferred income	19	1,800	1,800
Other creditors		13,619	114,543
Accruals and deferred income		200,425	56,181
		<u>2,583,279</u>	<u>2,541,859</u>

Bank loans and overdrafts of £333,008 (2020 - £230,352) are secured by fixed and floating charges over the company's assets.

Also included within bank loans and overdrafts are amounts of £527,143 (2020 - £414,242) in respect of invoice discounting facilities. These amounts are secured by a fixed charge on all purchased debts.

Amounts due under hire purchase contracts are secured against the assets to which they relate.

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	16	2,044,898	1,720,703
Obligations under finance leases	17	815,219	434,209
Deferred income	19	84,450	86,250
		<u>2,944,567</u>	<u>2,241,162</u>

Bank loans are secured by fixed and floating charges over the company's assets.

Amounts due under hire purchase contracts are secured against the assets to which they relate.

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	329,854
	<u></u>	<u></u>

16 Loans and overdrafts

	2021 £	2020 £
Bank loans	2,903,009	2,365,297
Bank overdrafts	2,040	-
	<u>2,905,049</u>	<u>2,365,297</u>
Payable within one year	860,151	644,594
Payable after one year	2,044,898	1,720,703
	<u></u>	<u></u>

17 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	405,223	390,107
In two to five years	815,219	434,209
	<u>1,220,442</u>	<u>824,316</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

18 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Balances:				
Accelerated capital allowances	253,121	85,000	-	-
Tax losses	-	-	30,519	-
Retirement benefit obligations	-	-	3,177	-
	<u>253,121</u>	<u>85,000</u>	<u>33,696</u>	<u>-</u>
				2021 £
Movements in the year:				
Liability at 1 January 2021				85,000
Charge to profit or loss				134,425
				<u>219,425</u>
Liability at 31 December 2021				<u>219,425</u>

19 Deferred income

	2021 £	2020 £
Other deferred income	<u>86,250</u>	<u>88,050</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	1,800	1,800
Non-current liabilities	<u>84,450</u>	<u>86,250</u>
	<u>86,250</u>	<u>88,050</u>

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>122,971</u>	<u>108,866</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	30,000	30,000	30,000	30,000
Ordinary-A shares of £1 each	20,000	20,000	20,000	20,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Ordinary shares carry full voting, dividend and capital distribution rights with no right of redemption.

Ordinary A shares carry full voting, dividend and capital distribution rights with no right of redemption.

22 Revaluation reserve

Revaluation reserve is the increase on revaluation of leasehold property performed in 2016.

23 Profit and loss reserves

The retained earnings reserve holds the retained earnings of the company, after the deduction of any dividends paid in the period.

24 Financial commitments, guarantees and contingent liabilities

A fixed and floating was given to Volkswagen Financial Services (UK) Limited by the company, dated 28 June 2018, against the leasehold land and all interests and estates in any freehold or leasehold properties.

25 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	95,102	81,385
Between two and five years	117,269	154,235
	<u>212,371</u>	<u>235,620</u>

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

26 Directors' transactions

Interest free loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Director's Loan Account	-	77,388	402,322	(90,818)	388,892
		77,388	402,322	(90,818)	388,892

27 Ultimate controlling party

The ultimate controlling party is considered to be Mr M R Davies by virtue of his majority shareholding in the company.

28 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	154,924	301,951
Adjustments for:		
Taxation charged	134,425	130,344
Finance costs	304,834	207,721
Gain on disposal of tangible fixed assets	(37,583)	(10,142)
Depreciation and impairment of tangible fixed assets	329,701	213,302
Movements in working capital:		
(Increase)/decrease in stocks	(98,151)	37,335
(Increase)/decrease in debtors	(46,314)	48,614
(Decrease)/increase in creditors	(82,259)	464,680
Decrease in deferred income	(1,800)	(1,800)
Cash generated from operations	557,777	1,392,005

W.G.Davies(Landore) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

29 Analysis of changes in net debt

	1 January 2021	Cash flows	New finance leases	31 December 2021
	£	£	£	£
Cash at bank and in hand	355,672	(355,345)	-	327
Bank overdrafts	-	(2,040)	-	(2,040)
	<u>355,672</u>	<u>(357,385)</u>	<u>-</u>	<u>(1,713)</u>
Borrowings excluding overdrafts	(2,365,297)	(537,712)	-	(2,903,009)
Obligations under finance leases	(824,316)	301,946	(698,072)	(1,220,442)
	<u>(2,833,941)</u>	<u>(593,151)</u>	<u>(698,072)</u>	<u>(4,125,164)</u>

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