

Company Registration number: 00659059

F.J. CHALKE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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F.J. CHALKE LIMITED
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F.J. CHALKE LIMITED

COMPANY INFORMATION

Directors

M S Berkley
E J Chalke
G W Chalke
S G Fowler
M Swain
S D Young

Company secretary

R Fox

Registered office

The Talbot Garage
Salisbury Street
WARMINSTER
Wiltshire
BA12 6HE

Auditors

Albert Goodman LLP
Goodwood House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

F.J. CHALKE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is the sale of cars and light motor vehicles.

Fair review of the business

Having achieved a company record the previous year, 2022 was always going to be a "big ask" mainly due to continuing supply problems and vastly increased costs. However, the hard work of our staff and focus on looking after our customers produced a very creditable performance.

The business centre continues to find other avenues of revenue after major disruptions to supply. Other highlights included winning Kia Dealer of the year for Customer Experience at our Mere branch and the creation of our own training academy to further enhance the recruitment and training of good quality staff. Refurbishment of Mere was completed in December and we are due to start work to upgrade Yeovil Kia to the latest corporate identity shortly.

Future challenges are the changeover to electric vehicles by 2030 and some manufacturers altering their distribution to an agency model.

We feel our balance sheet and quality of staff enhances our ability to deal with these and embrace any opportunities that may arise.

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Turnover	£	59,515,957	68,288,710
Gross Profit	£	6,692,870	5,964,943
Profit before tax	£	2,214,484	2,679,366
Net Profit	£	1,544,541	2,252,733

The directors have monitored the progress of the overall company strategy and the individual strategic elements by reference to gross margin and operating profit which are set out on the attached accounts.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Manufacturer supply of new and improved products:

The company is reliant on new vehicle products from the manufacturers. This exposes the company to risks in a number of areas as the company is dependent on the manufacturers/suppliers in respect of:

- Availability of new vehicle product
- Quality of new vehicle product
- Pricing of new vehicle product

The directors are confident that future new products from manufacturers/suppliers will continue to be competitively priced and high quality, and therefore consider that this 'manufacturer risk' is minimal. It is, in any case, mitigated by other core business areas of the company, including used vehicle sales, parts sales and service work.

Manufacturer relationships:

The company relies on the strength of its relationships with the vehicle manufacturers to deliver a significant component of profitability. Changes in the fortunes and strategy of the company's key manufacturer partners could directly and materially impact the company's result. This risk is mitigated by the fact that the company represents a number of different brands, thereby reducing exposure to any one manufacturer partner.

Used vehicle prices:

Used vehicle price volatility can present a significant risk in the event that the market price moves rapidly between the point of purchase and the point of sale of a used vehicle. This leads to reduced margins and increased provisions on unsold stock. This risk is mitigated by a combination of regular monitoring of the used vehicle market by the directors, a focus on stock turn to reduce the length of time that used vehicles are held in stock, and regular review and re-pricing to ensure that vehicles are priced competitively in the market.

Economic downturn:

The success of the business is reliant on consumer spending. An economic downturn, resulting in the reduction of consumer spending power will have a direct impact on the income achieved by the company.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies are monitored to reflect the new market conditions.

Section 172(1) statement

The Board of Directors of FJ Chalke Ltd consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a)-(f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2022.

Our plan was designed to have a long-term beneficial impact on the Company and to contribute to its success in delivering a high quality of service quality of service across all of our business divisions.

Our team members are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our team members receive. The health, safety and well-being of our team members is one of our primary considerations in the way we do business.

Engagement with suppliers and customers is key to our success. We meet with our major manufacturing partners regularly throughout the year and take the appropriate action, when necessary, to prevent involvement in modern slavery, corruption, bribery and breaches of competition law.

Our plan took into account the impact of the Companies operations on the community and environment and our wider social responsibilities, and in particular, how we comply with environmental legislation and pursue waste - saving opportunities and react promptly to local community concerns.

The intention is to nurture our reputation, through both the construction and delivery of our plan that reflects our responsible behaviour.


As the Board of Directors, our intention is to behave responsibly and ensure that the management operate the business in a responsible manner, operating within the high standards of the business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.

F.J. CHALKE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

As the Board of Directors, our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

Approved by the Board on 22/2/23 and signed on its behalf by:


.....
E J Chalke
Director

F.J. CHALKE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors of the company

The directors who held office during the year were as follows:

M S Berkley

E J Chalke

G W Chalke

S G Fowler

M Swain

S D Young

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Financial instruments

Objectives and policies

The company uses a number of financial instruments which include loans, cash, equity and other various items such as trade debtors and trade creditors which arise directly from its operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more details below.

The significant risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies from the management of each of these risks which are noted below. These policies are consistent with those from the previous year.

Price risk, credit risk, liquidity risk and cash flow risk

The company finances its operations through a mixture of bank and other external borrowings. The company's exposure to interest rate fluctuations on its borrowing is managed by the use of fixed and floating facilities. The Statement of Financial Position includes trade debtors and creditors which do not attract interest.

The company makes efforts to manage the financial risk by monitoring of cashflow to ensure that the company is able to meet its foreseeable debts as they fall due and invest any cash assets profitably.

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited and therefore the principal credit risk arises from its trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed regularly by the directors together with the aged debtors and collection history.

F.J. CHALKE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Future Developments

The future developments of the business are included within the strategic report.

ENERGY AND EMISSIONS REPORTING

This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 January 2022 to 31 December 2022, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the government's streamlined Energy and Carbon Reporting (SECR) policy.

Our methodology to calculate our greenhouse gas emissions is based on the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)' issued by DEFRA, using DEFRA's 2021 and 2022 conversion factors as appropriate. In some cases, consumption has been extrapolated from available data or direct comparison made to a comparable period.

We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

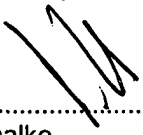
During the reporting period, the following energy efficiency actions have been taken:

- Upgrading to energy efficient light bulbs whenever replacements are required.
- Researching storage options for generated energy at our Yeovil site.

The table below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio.

Mandatory SECR Reporting Figures	2022	2021
Total Energy Consumption - Used for Emissions Calculation (kWh)	992,566	1,297,742
Gas & Oil Combustion Emissions, Scope 1 (tCO ₂ e)	57.0	68.0
Purchased Electricity Emissions, Scope 2 (tCO ₂ e)	89.40	145.0
Vehicle Fuel Combustion Emissions, Scope 1 (tCO ₂ e)	57.80	167.0
Total Gross Reported Emissions (tCO₂e)	204.2	380.0
Area (ft ²)	50,264.60	50,264.60
Intensity Ratio: Area (kgCO ₂ e/ft ²)	4.1	7.6

Approved by the Board on 22/8/22 and signed on its behalf by:


.....
E J Chalke
Director

F.J. CHALKE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

F.J. CHALKE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F.J. CHALKE LIMITED

Opinion

We have audited the financial statements of F.J. Chalke Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, 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 2022 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 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 director's 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 original financial statements were 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 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 auditor's 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page 7, 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 Responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

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 sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection and employment legislation;
- 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;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

F.J. CHALKE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F.J. CHALKE LIMITED

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 and the company's legal advisors.

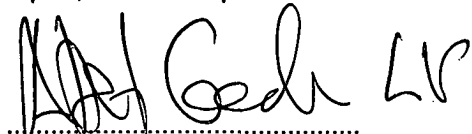
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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 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 auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Joseph Doggrell BSc (Hons) FCA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

Date: 22/8/2023

F.J. CHALKE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	3	59,515,957	68,288,710
Cost of sales		<u>(52,823,087)</u>	<u>(62,323,767)</u>
Gross profit		6,692,870	5,964,943
Administrative expenses		(4,895,021)	(3,633,559)
Other operating income	4	<u>24,738</u>	<u>452,557</u>
Operating profit	6	1,822,587	2,783,941
Fair value adjustment in respect of investment properties		517,100	-
Interest payable and similar charges	7	<u>(125,203)</u>	<u>(104,575)</u>
Profit before tax		2,214,484	2,679,366
Taxation	11	<u>(669,943)</u>	<u>(426,633)</u>
Profit for the financial year		<u><u>1,544,541</u></u>	<u><u>2,252,733</u></u>

The above results were derived from continuing operations.

F.J. CHALKE LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£	£
Profit for the year	<u>1,544,541</u>	<u>2,252,733</u>
Total comprehensive income for the year	<u><u>1,544,541</u></u>	<u><u>2,252,733</u></u>

F.J. CHALKE LIMITED**(REGISTRATION NUMBER: 00659059)****BALANCE SHEET AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	8,580,855	8,600,887
Investment property	14	<u>1,095,000</u>	<u>577,900</u>
		<u>9,675,855</u>	<u>9,178,787</u>
Current assets			
Stocks	15	9,520,023	9,147,733
Debtors	16	1,768,281	1,931,003
Cash at bank and in hand		<u>30</u>	<u>30</u>
		11,288,334	11,078,766
Creditors: Amounts falling due within one year	18	<u>(8,664,676)</u>	<u>(9,405,725)</u>
Net current assets		<u>2,623,658</u>	<u>1,673,041</u>
Total assets less current liabilities		12,299,513	10,851,828
Provisions for liabilities	19	<u>(600,694)</u>	<u>(333,419)</u>
Net assets		<u>11,698,819</u>	<u>10,518,409</u>
Capital and reserves			
Called up share capital		637,180	637,180
Share premium reserve		136,784	136,784
Capital redemption reserve		11,793	11,793
Revaluation reserve		445,933	58,108
Retained earnings		<u>10,467,129</u>	<u>9,674,544</u>
Shareholders' funds		<u>11,698,819</u>	<u>10,518,409</u>

Approved and authorised by the Board on 22/8/2023 and signed on its behalf by:

.....

E J Chalke
Director

F.J. CHALKE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Preference share capital £	Ordinary share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Profit and loss reserve £	Total £
At 1 January 2022	400,000	237,180	136,784	11,793	58,108	9,674,544	10,518,409
Movement in year:							
Profit for the year	-	-	-	-	-	1,544,541	1,544,541
Total comprehensive income	-	-	-	-	-	1,544,541	1,544,541
Dividends	-	-	-	-	-	(364,131)	(364,131)
Transfers	-	-	-	-	387,825	(387,825)	-
Total movement for the year	-	-	-	-	387,825	792,585	1,180,410
At 31 December 2022	400,000	237,180	136,784	11,793	445,933	10,467,129	11,698,819
	Preference share capital £	Ordinary share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Profit and loss reserve £	Total £
At 1 January 2021	400,000	237,180	136,784	11,793	58,108	7,824,819	8,668,684
Movement in year:							
Profit for the year	-	-	-	-	-	2,252,733	2,252,733
Total comprehensive income	-	-	-	-	-	2,252,733	2,252,733
Dividends	-	-	-	-	-	(403,008)	(403,008)
Total movement for the year	-	-	-	-	-	1,849,725	1,849,725
At 31 December 2021	400,000	237,180	136,784	11,793	58,108	9,674,544	10,518,409

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Talbot Garage
Salisbury Street
WARMINSTER
Wiltshire
BA12 6HE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling (£).

Summary of disclosure exemptions

The company has taken advantage of the following exemptions:

- 1) Exemption from preparing a Statement of Cash Flows as per Financial Reporting Standard 102 1.12.
- 2) Exemption in FRS102 1.12(c) from disclosing transactions with other members of the group..

Going concern

The directors have considered current trading and cash flow, together with available facilities and headroom, and are confident that the company will be able to meet its debts as they fall due. Accordingly, the financial statements are prepared on a going concern basis.

Turnover recognition

Turnover from the sale of goods is recognised in the Income Statement, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is recognised on a receivable basis.

F.J. CHALKE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 taxable income.

Deferred tax is recognised on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax liabilities are presented within provisions for liabilities on the balance sheet.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Freehold property

Plant and machinery

Improvements to property

Depreciation method and rate

Land - not depreciated, buildings 2% reducing balance

20% reducing balance

10% reducing balance

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving stock.

Consignment vehicles which bear considerably more of the risks and responsibilities of ownership are regarded effectively as being under the control of the company and, in accordance with the FRS 102 accounting standards, are included in stocks on the Balance Sheet, although legal title has not passed to the company. The corresponding liability is included in trade creditors and is secured directly on these vehicles.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Assets held under hire purchase agreements are capitalised as tangible fixed assets with the future obligation being recognised as a liability. Finance costs are recognised in the Profit and Loss Account calculated at a constant periodic rate of interest over the term of the liability.

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Reserves

Called up share capital represents the nominal value of shares that have been issued.

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

Profit and loss account includes all current and prior period profits and losses.

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

Revaluation reserve is the surplus or deficit arising on the revaluation of an asset of a company.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

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 payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	55,565,527	64,591,133
Rendering of services	3,353,894	3,099,427
Commissions received	596,536	598,150
	<u>59,515,957</u>	<u>68,288,710</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Rents received	24,738	21,300
Other operating income	-	271,845
Government grants	-	159,412
	<u>24,738</u>	<u>452,557</u>

5 Government grants

Government grants comprise of Coronavirus Job Retention Scheme receipts. The company has also benefitted from rates relief from 1 April 2020.

The amount of grants recognised in the financial statements was £Nil (2021 - £159,412).

6 Operating profit

Arrived at after charging/(crediting):

	2022	2021
	£	£
Depreciation expense	282,053	228,027
Profit on disposal of tangible fixed assets	<u>-</u>	<u>(468,276)</u>

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	86,115	61,023
Interest expense on other finance liabilities	39,088	43,552
	<u>125,203</u>	<u>104,575</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	4,054,883	3,238,683
Social security costs	115,949	373,335
Pension costs, defined contribution scheme	278,682	191,084
Other employee expense	98,070	103,529
	<u>4,547,584</u>	<u>3,906,631</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration	66	68
Sales	28	27
Servicing, parts and bodyshop	44	41
	<u>138</u>	<u>136</u>

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	361,978	319,157
Contributions paid to money purchase schemes	<u>102,943</u>	<u>11,222</u>
	<u><u>464,921</u></u>	<u><u>330,379</u></u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	86,971	87,534
Company contributions to money purchase pension schemes	<u>2,549</u>	<u>2,439</u>

10 Auditors' remuneration

	2022	2021
	£	£
Audit of the financial statements	<u>17,500</u>	<u>16,858</u>
Other fees to auditors		
All other assurance services	<u><u>3,572</u></u>	<u><u>4,214</u></u>

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation

Tax charged/(credited) in the profit and loss account:

	2022 £	2021 £
Current taxation		
UK corporation tax	310,292	422,594
UK corporation tax adjustment to prior periods	88,337	-
	<u>398,629</u>	<u>422,594</u>
Deferred taxation		
Arising from origination and reversal of timing differences	271,314	4,039
Tax expense in the profit and loss account	<u>669,943</u>	<u>426,633</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>2,214,484</u>	<u>2,679,366</u>
Corporation tax at standard rate	420,752	509,080
UK deferred tax expense relating to changes in tax rates or laws	105,291	-
Tax increase from other short-term timing differences	55,563	26,601
Other tax effects for reconciliation between accounting profit and tax expense (income)	88,337	(109,048)
Total tax charge	<u>669,943</u>	<u>426,633</u>

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2022	75,000	75,000
At 31 December 2022	75,000	75,000
Amortisation		
At 1 January 2022	75,000	75,000
At 31 December 2022	75,000	75,000
Carrying amount		
At 31 December 2022	-	-

13 Tangible assets

	Freehold property £	Improvements to property £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2022	8,126,468	1,899,567	1,365,108	11,391,143
Additions	4,502	211,275	46,244	262,021
At 31 December 2022	8,130,970	2,110,842	1,411,352	11,653,164
Depreciation				
At 1 January 2022	615,210	1,116,949	1,058,097	2,790,256
Charge for the year	93,812	126,361	61,880	282,053
At 31 December 2022	709,022	1,243,310	1,119,977	3,072,309
Carrying amount				
At 31 December 2022	7,421,948	867,532	291,375	8,580,855
At 31 December 2021	7,511,258	782,618	307,011	8,600,887

Included in cost of land and buildings is freehold land of £3,030,819 (2021 - £3,030,819) which is not depreciated.

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 Investment properties

	2022
	£
At 1 January 2022	577,900
Fair value adjustments	<u>517,100</u>
At 31 December 2022	<u>1,095,000</u>
If investment property had not been revalued it would have been included at the following historical cost:	

	31/12/2022	31/12/2021
	£	£
Cost	439,417	439,417

Investment property was valued on an open market basis on 19 January 2017 by Andrew Forbes, Chartered Surveyors. At 31 December 2022, the investment properties have been valued by the directors of the company on an open market basis.

15 Stocks

	2022	2021
	£	£
Raw materials and consumables	387,165	322,549
Finished goods and goods for resale	<u>9,132,858</u>	<u>8,825,184</u>
	<u>9,520,023</u>	<u>9,147,733</u>

16 Debtors

	2022	2021
	£	£
Current		
Trade debtors	1,672,512	1,777,886
Other debtors	3,502	82,637
Prepayments	<u>92,267</u>	<u>70,480</u>
	<u>1,768,281</u>	<u>1,931,003</u>

17 Cash and cash equivalents

	2022	2021
	£	£
Cash on hand	30	30
Bank overdrafts	<u>(43,090)</u>	<u>(1,096,833)</u>
Cash and cash equivalents in statement of cash flows	<u>(43,060)</u>	<u>(1,096,803)</u>

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	20	2,084,995	3,330,166
Trade creditors		4,947,192	3,345,460
Social security and other taxes		85,189	783,771
Other creditors		339,125	329,506
Accrued expenses		1,208,175	1,438,378
Corporation tax	11	-	178,444
		<u>8,664,676</u>	<u>9,405,725</u>

19 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2022	333,419	333,419
Increase (decrease) in existing provisions	<u>267,275</u>	<u>267,275</u>
At 31 December 2022	<u>600,694</u>	<u>600,694</u>

Deferred tax

Deferred tax assets and liabilities:

	Asset £	Liability £
2022		
Accelerated capital allowances	-	473,449
Revaluation of investment property	-	129,275
Short term timing differences	<u>1,760</u>	<u>-</u>
	<u>1,760</u>	<u>602,724</u>

	Asset £	Liability £
2021		
Accelerated capital allowances	-	344,838
Revaluation of investment property	-	11,041
Short term timing differences	<u>22,460</u>	<u>-</u>
	<u>22,460</u>	<u>355,879</u>

F.J. CHALKE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****20 Loans and borrowings**

	2022 £	2021 £
Current loans and borrowings		
Bank borrowings	2,041,905	2,233,333
Bank overdrafts	43,090	1,096,833
	<u>2,084,995</u>	<u>3,330,166</u>

Bank borrowings

Bank borrowing had a carrying amount at the year end of £2,084,995 (2021 - £3,330,166).

The bank holds a first legal charge over freehold land and buildings within the company together with an unlimited debenture including a fixed and floating charge over all assets of the company.

Vehicle funding is secured over the vehicles to which it relates.

21 Share capital**Allotted, called up and fully paid shares**

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	34,200	34,200	34,200	34,200
Ordinary B shares of £1 each	200,000	200,000	200,000	200,000
Ordinary C shares of £1 each	1,987	1,987	1,987	1,987
Ordinary D shares of £1 each	993	993	993	993
Preference shares of £1 each	400,000	400,000	400,000	400,000
	<u>637,180</u>	<u>637,180</u>	<u>637,180</u>	<u>637,180</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The Ordinary shares are entitled to one vote per share under any circumstances.

Ordinary B, C and D shares have the following rights, preferences and restrictions:

The Ordinary B, C and D shares in issues rank pari-passu with the Ordinary shares except that they have no voting rights.

Redeemable preference shares have the following rights, preferences and restrictions:

There is no fixed redemption policy on the redeemable preference shares, the redemption of which can only be exercised at the option of the company.

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	73,500	73,500
Later than one year and not later than five years	202,625	227,063
Later than five years	80,000	128,000
	<u>356,125</u>	<u>428,563</u>

23 Analysis of changes in net debt

	At 1 January 2022 £	Financing cash flows £	At 31 December 2022 £
Cash and cash equivalents			
Cash	30	-	30
Overdrafts	<u>(1,096,833)</u>	<u>1,053,743</u>	<u>(43,090)</u>
	(1,096,803)	1,053,743	(43,060)
Borrowings			
Short term borrowings	<u>(2,233,333)</u>	<u>191,428</u>	<u>(2,041,905)</u>
	<u>(3,330,136)</u>	<u>1,245,171</u>	<u>(2,084,965)</u>

24 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £278,682 (2021 - £191,084).

F.J. CHALKE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25 Related party transactions

Summary of transactions with other related parties

The company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year end 31 December 2022 the company paid rent of £48,000 (£48,000) to the F.J. Chalke Limited Retirement Benefit Scheme in which E J Chalke is a trustee.

At the reporting date there were balances owed to the company directors in the sum of £220,671 (2021 : £270,072) which are repayable on demand.

26 Parent and ultimate parent undertaking

The company's immediate parent is F. J. Chalke (Holdings) Limited, incorporated in England.

These financial statements are available upon request from Companies House.