

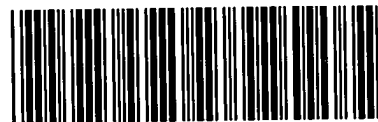
Company Registration No. 04420034 (England and Wales)

**PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Blagden K Cumming G Davies P Gardner S Hopewell
<b>Company number</b>	04420034
<b>Registered office</b>	Conwy Road Llandudno Junction North Wales LL31 9NX
<b>Auditor</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
<b>Bankers</b>	Yorkshire Bank plc 73 North Street Keighley BD21 3SD

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# **PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

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# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

### **Fair review of the business**

Turnover for the year increased by 27.9% to £19.63m while gross profits increased by 24.2% to £1.90m. This reflects a return to more normal levels of business as the Covid pandemic recedes. New and used vehicle turnover and aftersales turnover all increased although new car supply continues to be affected by the global microchip shortage caused by Covid lockdowns. Gross profit percentage decreased from 9.99% to 9.70% reflecting higher increases in vehicles sales compared to aftersales income.

Administration expenses were 7.1% higher than last year reflecting ongoing inflation in the broader economy. The £73k of other operating income last year was furlough money received from the Government. Interest costs were 14.5% higher reflecting rising interest rates.

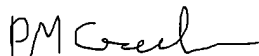
The profit before tax was £1,069k which was up on last year's result of £829k.

The company underwent a major refurbishment of its premises during the year in order to comply with Toyota's new RC25 retail concept. The company is fully committed to complying with Toyota's retail requirements as part of its ongoing partnership.

Following the refurbishment the company took the opportunity to revalue its premises to make sure that the carrying value in the accounts reflected the current market value of the site. The revised valuation was £1.925m compared to £1.65m previously.

During the Covid outbreak the company's bankers and funders were very supportive, offering capital repayment holidays and increased facilities through the Government backed CBILS loans. The company is grateful for the support shown during this difficult period which has enabled it to emerge in a strong position to take advantage of the trading opportunities in 2022 and on into 2023.

On behalf of the board



.....  
P Gardner  
Director

Date: 23/08/2023  
.....

# **PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **Principal activities**

The principal activity of the company continued to be that of the sale of new and used cars and light motor vehicles, as well as maintenance and repairs of motor vehicles.

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £80,000. The directors do not recommend payment of a further dividend.

#### **Directors**

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

M Blagden  
K Cumming  
G Davies  
P Gardner  
S Hopewell

#### **Auditor**

UHY Hacker Young Manchester LLP were re-appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **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.

#### **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.

# **PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**


**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

On behalf of the board



.....  
P Gardner  
Director

Date: 23/08/2023  
.....

# **PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

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#### **Opinion**

We have audited the financial statements of Premier Metal Works (Llandudno Junction) Limited (the 'company') for the year ended 31 December 2022 which comprise 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 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'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.

#### **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.

# **PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

#### **Identifying and assessing potential risks related to irregularities**

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:-

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance.
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance.
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed amongst the audit engagement team and involving the relevant internal specialists, including tax and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of used vehicle stocks; and recognition of supplier incentives. In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override.



# **PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED**

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We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focussing on provisions of those laws and regulations that had a direct effect in the determination of material amounts and the disclosures in the financial statements. The key laws and regulations considered in this context included in the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's FCA regulatory requirements.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- enquiring of management and those charged with governance concerning actual and potential litigation claims.
- in addressing the risk of fraud through inappropriate valuation of used vehicle inventory, assessing net realisable value of stock items sold after the year end was above cost or assessing their value with reference to third party data sources if unsold.
- in addressing the risk of fraud through inappropriate recording of supplier incentives, ensuring amounts recorded as due were then subsequently acknowledged as such by the supplier.
- in assessing the risk of fraud through management override of controls, testing the appropriateness of journal entries, and assessing whether judgements made in making accounting estimates are indicative of potential bias.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

#### **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.



**Ian McMahon FCCA FMAAT**  
**Senior Statutory Auditor**  
**For and on behalf of UHY Hacker Young Manchester LLP**

**24/08/2023**  
**Date: .....**

**Chartered Accountants**  
**Statutory Auditor**

**St James Building**  
**79 Oxford Street**  
**Manchester**  
**M1 6HT**

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Notes	2022 £	2021 £
Turnover	3	19,626,354	15,349,233
Cost of sales		(17,722,174)	(13,816,322)
<b>Gross profit</b>		<b>1,904,180</b>	<b>1,532,911</b>
Administrative expenses		(792,736)	(739,953)
Other operating income		-	73,207
<b>Operating profit</b>	4	<b>1,111,444</b>	<b>866,165</b>
Interest payable and similar expenses	6	(41,970)	(36,671)
<b>Profit before taxation</b>		<b>1,069,474</b>	<b>829,494</b>
Tax on profit	7	(256,767)	(217,415)
<b>Profit for the financial year</b>		<b>812,707</b>	<b>612,079</b>

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# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	9	2,472,296		1,761,245	
Investments	10	95,733		-	
		<u>2,568,029</u>		<u>1,761,245</u>	
<b>Current assets</b>					
Stocks	12	1,666,740		1,184,003	
Debtors	13	2,452,583		2,390,892	
Cash at bank and in hand		440,238		125,839	
		<u>4,559,561</u>		<u>3,700,734</u>	
<b>Creditors: amounts falling due within one year</b>	14	(2,700,956)		(1,854,937)	
<b>Net current assets</b>		<u>1,858,605</u>		<u>1,845,797</u>	
<b>Total assets less current liabilities</b>		<u>4,426,634</u>		<u>3,607,042</u>	
<b>Creditors: amounts falling due after more than one year</b>	15	(708,339)		(799,792)	
<b>Provisions for liabilities</b>					
Deferred tax liability	17	306,981		128,643	
		<u>(306,981)</u>		<u>(128,643)</u>	
<b>Net assets</b>		<u>3,411,314</u>		<u>2,678,607</u>	
<b>Capital and reserves</b>					
Called up share capital	19	229,781		229,781	
Revaluation reserve	20	240,613		240,613	
Profit and loss reserves		2,940,920		2,208,213	
<b>Total equity</b>		<u>3,411,314</u>		<u>2,678,607</u>	

The financial statements were approved by the board of directors and authorised for issue on 23/08/2023 and are signed on its behalf by:



P Gardner  
Director

Company Registration No. 04420034

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2021</b>		229,781	240,613	1,636,134	2,106,528
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year		-	-	612,079	612,079
Dividends	8	-	-	(40,000)	(40,000)
<b>Balance at 31 December 2021</b>		229,781	240,613	2,208,213	2,678,607
<b>Year ended 31 December 2022:</b>					
Profit and total comprehensive income for the year		-	-	812,707	812,707
Dividends	8	-	-	(80,000)	(80,000)
<b>Balance at 31 December 2022</b>		229,781	240,613	2,940,920	3,411,314

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	1,644,706		525,961	
Interest paid		(41,970)		(36,671)	
Income taxes paid		(197,599)		(60,000)	
<b>Net cash inflow from operating activities</b>		<b>1,405,137</b>		<b>429,290</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(767,329)		(6,697)	
Proceeds from disposal of tangible fixed assets		13,805		17,876	
Advances made to subsidiary		(95,733)		-	
Proceeds from disposal of investments		-		25,916	
<b>Net cash (used in)/generated from investing activities</b>		<b>(849,257)</b>		<b>37,095</b>	
<b>Financing activities</b>					
Repayment of borrowings		(40,599)		(117,187)	
Repayment of bank loans		(120,834)		(176,635)	
Payment of finance leases obligations		-		(44,630)	
Dividends paid		(80,000)		(40,000)	
<b>Net cash used in financing activities</b>		<b>(241,433)</b>		<b>(378,452)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>314,447</b>		<b>87,933</b>	
Cash and cash equivalents at beginning of year		125,791		37,858	
<b>Cash and cash equivalents at end of year</b>		<b>440,238</b>		<b>125,791</b>	
<b>Relating to:</b>					
Cash at bank and in hand		440,238		125,839	
Bank overdrafts included in creditors payable within one year		-		(48)	

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

Premier Metal Works (Llandudno Junction) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Conwy Road, Llandudno Junction, North Wales, LL31 9NX.

#### 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. The principal accounting policies adopted are set out below.

The financial statements of the company are consolidated in the financial statements of Premier Motors Llandudno Limited. These consolidated financial statements are available from its registered office, Lindop Bros (Queensferry) Ltd, Station Road, Deeside, CH5 2TE.

The company has taken advantage of the exemption under section 405 of the Companies Act 2006 which permits a subsidiary to be excluded from consolidation where its inclusion is not material for the purposes of giving a true and fair review.

#### 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 comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment by, or delivery date to, the customer. Any other manufacturer income in relation to achieving targets is recognised on an accrual basis. Servicing revenue is recognised on the completion of the agreed work.

Revenue from commission's receivable is recognised when the amount can be reliably measured and it is probable that the company will receive the consideration.

#### 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.

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:

Plant and equipment	25% reducing balance
Fixtures and fittings	12.5% - 25% reducing balance
Computers	33% reducing balance
Motor vehicles	25% on cost

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

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.

In respect of the land and buildings, the land element is held at fair value. In respect of the property, the directors expect the fair value will remain at or above the current value in the accounts at that time. Therefore, no depreciation has been charged on the property. 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 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 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 cost and replacement 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.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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.

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **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.

#### **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, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

### 1.10 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.



# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.11 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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. 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.

#### 1.12 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

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

#### 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.

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.

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Consignment stock

Consignment stock has not been included on the Balance Sheet on the grounds that the company does not bear the risks and rewards of ownership attached to these vehicles.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including CAP valuation guides. The director maintains an oversight of ageing stock profiles and a monthly review of any provision required is performed.

#### Property, plant and equipment

At each reporting date property, plant and equipment is assessed for any indication of impairment. If such indication exists, the recoverable amount of the asset is determined based on value in use calculations which require estimates to be made of future cash flows.

An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

#### Investment

The company has an investment in the form of an advance to Tasting Menorca SA, this is recorded at cost.

### 3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Vehicles	16,542,511	12,840,082
Parts	1,965,099	1,599,337
Services	542,781	472,819
Bodyshop	575,963	436,995
	<u>19,626,354</u>	<u>15,349,233</u>

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 3 Turnover and other revenue (Continued)

	2022 £	2021 £
<b>Other revenue</b>		
Grants received	-	73,207

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(73,207)
Fees payable to the company's auditor for the audit of the company's financial statements	19,500	46,262
Depreciation of owned tangible fixed assets	50,075	49,516
Profit on disposal of tangible fixed assets	(7,602)	-

### 5 Employees

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

	2022 Number	2021 Number
Directors	5	5
Staff	40	37
<b>Total</b>	<b>45</b>	<b>42</b>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,323,979	1,003,804
Social security costs	130,494	112,824
Pension costs	45,286	39,426
	<b>1,499,759</b>	<b>1,156,054</b>

### 6 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest on financial liabilities	41,970	36,671

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	100,559	165,632
Adjustments in respect of prior periods	(22,130)	(4,515)
Total current tax	78,429	161,117
<b>Deferred tax</b>		
Origination and reversal of timing differences	147,730	29,993
Previously unrecognised tax loss, tax credit or timing difference	30,608	26,305
Total deferred tax	178,338	56,298
Total tax charge	256,767	217,415

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:

	2022 £	2021 £
Profit before taxation	1,069,474	829,494
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	203,200	157,604
Permanent capital allowances in excess of depreciation	(17,542)	-
Under/(over) provided in prior years	(22,130)	(4,515)
Deferred tax adjustments in respect of prior years	30,608	26,305
Tax effect of expenses that are not deductible in determining taxable profit	97	6,963
Remeasurement of deferred tax rates	10,284	31,058
Chargeable gains/(losses)	52,250	-
Taxation charge for the year	256,767	217,415

### 8 Dividends

	2022 £	2021 £
Final paid	80,000	40,000

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 9 Tangible fixed assets

	Freehold Land and Buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2022	1,650,000	275,071	371,016	228,224	73,973	2,598,284
Additions	275,000	7,978	471,983	12,368	-	767,329
Disposals	-	(3,886)	(9,533)	(65,749)	(24,668)	(103,836)
At 31 December 2022	1,925,000	279,163	833,466	174,843	49,305	3,261,777
<b>Depreciation and impairment</b>						
At 1 January 2022	-	255,152	341,172	185,464	55,251	837,039
Depreciation charged in the year	-	5,637	19,982	16,070	8,386	50,075
Eliminated in respect of disposals	-	(3,886)	(9,533)	(65,749)	(18,465)	(97,633)
At 31 December 2022	-	256,903	351,621	135,785	45,172	789,481
<b>Carrying amount</b>						
At 31 December 2022	1,925,000	22,260	481,845	39,058	4,133	2,472,296
At 31 December 2021	1,650,000	19,919	29,844	42,760	18,722	1,761,245

Land and buildings with a carrying amount of £1,925,000 were revalued at 3 October 2022 by Colliers, independent valuers on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The revaluation surplus is disclosed in note 20.

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

	Freehold Property	
	2022	2021
	£	£
Cost	1,655,593	1,380,593

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	11	95,733	-

The investment relates to amounts advanced to Tasting Menorca SA.

#### Movements in fixed asset investments

	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 January 2022	-
Additions	95,733
At 31 December 2022	95,733
<b>Carrying amount</b>	
At 31 December 2022	95,733
At 31 December 2021	-

### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Tasting Menorca SA	Spain	Ordinary Shares	75.00

The registered office address of the above company is Paseo Marítimo, 60, 07711 Sant Lluís and C.I.F. B-02778942, Menorca.

### 12 Stocks

	2022 £	2021 £
Parts and accessories	45,700	35,928
Vehicle stock	1,621,040	1,148,075
	1,666,740	1,184,003

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	417,939	275,591
Amounts owed by group undertakings	1,799,553	1,799,553
Other debtors	147,971	237,982
Prepayments and accrued income	87,120	77,766
	<u>2,452,583</u>	<u>2,390,892</u>

#### 14 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	16	83,328	120,876
Other borrowings	16	-	32,479
Trade creditors		1,623,776	788,319
Corporation tax		47,604	166,774
Other taxation and social security		40,710	170,787
Other creditors		96,075	27
Accruals and deferred income		809,463	575,675
		<u>2,700,956</u>	<u>1,854,937</u>

The vehicle funding is secured over the assets which it relates to.

#### 15 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	16	708,339	791,672
Other borrowings	16	-	8,120
		<u>708,339</u>	<u>799,792</u>

There is a cross guarantee in place with Premier Motors Llandudno Junction Limited creating a fixed and floating charge over their assets.

There is a mortgage amounting to £792,000 (2021: £875,000) which is secured against the property to which it relates. The mortgage is due to be paid in equal monthly instalments and the repayment date is June 2032. Interest on the mortgage is a rate of 3.25%.

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

Payable by instalments	291,648	-
	<u>291,648</u>	<u>-</u>

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Loans and overdrafts

	2022 £	2021 £
Bank loans	791,667	912,500
Bank overdrafts	-	48
Other loans	-	40,599
	<u>791,667</u>	<u>953,147</u>
Payable within one year	83,328	153,355
Payable after one year	<u>708,339</u>	<u>799,792</u>

### 17 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
Accelerated capital allowances	203,618	128,643
Capital gains/(losses)	<u>103,363</u>	<u>-</u>
	<u>306,981</u>	<u>128,643</u>
<b>Movements in the year:</b>		2022 £
Liability at 1 January 2022		128,643
Charge to profit or loss		<u>178,338</u>
Liability at 31 December 2022		<u>306,981</u>

### 18 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>45,286</u>	<u>39,426</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.



# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	229,781	229,781	229,781	229,781

### 20 Revaluation reserve

The revaluation reserve represents the surplus which arose on the past valuations of the freehold property held.

### 21 Profit and loss reserve

The profit and loss account includes all current and prior retained profits and losses less dividends paid.

### 22 Ultimate controlling party

The immediate parent undertaking is Premier Motors Llandudno Limited.

There is no ultimate controlling party as no individual owns more than 50% of the shares of the parent company.

### 23 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	812,707	612,079
<b>Adjustments for:</b>		
Taxation charged	256,767	217,415
Finance costs	41,970	36,671
Gain on disposal of tangible fixed assets	(7,602)	-
Depreciation and impairment of tangible fixed assets	50,075	49,516
<b>Movements in working capital:</b>		
Increase in stocks	(482,736)	(164,688)
Increase in debtors	(61,691)	(390,652)
Increase in creditors	1,035,216	165,620
<b>Cash generated from operations</b>	<b>1,644,706</b>	<b>525,961</b>

# PREMIER METAL WORKS (LLANDUDNO JUNCTION) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**24 Analysis of changes in net debt**

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	125,839	314,399	440,238
Bank overdrafts	(48)	48	-
	<hr/>	<hr/>	<hr/>
	125,791	314,447	440,238
Borrowings excluding overdrafts	(953,099)	161,432	(791,667)
	<hr/>	<hr/>	<hr/>
	(827,308)	475,879	(351,429)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>