

Auto Sport Engineering Limited

Registered number: 07148169

Directors' report and financial statements

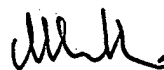
For the year ended 31 December 2021



AUTO SPORT ENGINEERING LIMITED

COMPANY INFORMATION

Directors	F Osella (resigned 28 February 2021) N Marchiando V Nunziata (appointed 22 March 2021)
Registered number	07148169
Registered office	ASE Building Brandon Road Binley Coventry West Midlands CV3 2AH
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Two Chamberlain Square Birmingham B3 3AX
Bankers	NatWest 118 Walsgrave Road Coventry CV2 4ED



AUTO SPORT ENGINEERING LIMITED

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AUTO SPORT ENGINEERING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company during the period was the manufacture of precision engineered parts.

Impact of COVID-19 coronavirus

Clearly through 2021 the COVID pandemic has affected many things, but the Company has fared incredibly well throughout the year. There has been a large increase in turnover, and the furlough scheme was not utilised in the year. 2022 to date has seen an upturn in orders from our main customer and they do not see any particular downturn in sales quantities in the short to medium term. The Company is wholly owned by Marval Srl, a very large European Company, and they have confirmed they will be more than happy to support the Company should we experience any short term difficulties.



AUTO SPORT ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

The Directors of the Company fully support the ongoing performance of the business and do not see anything that would ultimately impact on the business over the next twelve months.

Over this period, we are looking at increasing turnover initially by maintaining the good relationship we enjoy with our main Customer and at the same time, we will be taking on a new product range of items of manufacture for them.

There are no known threats to the business and should the business encounter any hard times, Marval, the holding Company, are prepared to offer any necessary financial assistance that may be required.

As and when any potential risks arise, we would collectively come together to address these things and formulate a plan to take the business forwards.

Results and dividends

The profit for the year, after taxation, amounted to £271,877 (2020 - £24,524).

The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

F Osella (resigned 28 February 2021)

N Marchiando

V Nunziata (appointed 22 March 2021)

Qualifying third party indemnity provisions

The directors confirm that no qualifying third party indemnity provision in favour of any of the directors of the company, as defined by s234 of the Companies Act 2006, either by the group or by any other party, was in force at the time of signing of this report, and that no such provision had been in force at any time during the financial year.

Disclosure of information to auditors

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

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

Post balance sheet events

There are no events affecting the Company following the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.



AUTO SPORT ENGINEERING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

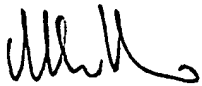
Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

N Marchiando
Director

Date:


08 April 2022

AUTO SPORT ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTO SPORT ENGINEERING LIMITED

Opinion

We have audited the financial statements of Auto Sport Engineering Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

AUTO SPORT ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTO SPORT ENGINEERING LIMITED

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 the audit:

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

Matters on which we are required to report by exception

In 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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUTO SPORT ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTO SPORT ENGINEERING LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation, anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

AUTO SPORT ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTO SPORT ENGINEERING LIMITED

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 the audit 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 Holder

Ian Holder (Senior statutory auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 11 April 2022

AUTO SPORT ENGINEERING LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		1,754,129	1,390,532
Cost of sales		(935,328)	(836,579)
Gross profit		818,801	553,953
Administrative expenses		(461,989)	(564,418)
Exceptional administrative expenses	7	-	(6,332)
Other operating income	4	-	53,254
Operating profit		356,812	36,457
Interest payable and similar expenses		(404)	(1,213)
Profit before tax		356,408	35,244
Tax on profit	6	(84,531)	(10,720)
Profit after tax		271,877	24,524
<hr/>			
Retained earnings at the beginning of the year		701,473	676,949
		701,473	676,949
Profit for the year		271,877	24,524
Retained earnings at the end of the year		973,350	701,473

The above results all relate to continuing operations.

The notes on pages 11 to 21 form part of these financial statements.



AUTO SPORT ENGINEERING LIMITED
REGISTERED NUMBER: 07148169

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	330,511	360,951
		<u>330,511</u>	<u>360,951</u>
Current assets			
Stocks	9	28,811	21,875
Debtors: amounts falling due within one year	10	317,624	371,989
Cash at bank and in hand		673,711	323,166
		<u>1,020,146</u>	<u>717,030</u>
Creditors: amounts falling due within one year	11	(289,409)	(302,824)
Net current assets		<u>730,737</u>	<u>414,206</u>
Total assets less current liabilities		<u>1,061,248</u>	<u>775,157</u>
Creditors: amounts falling due after more than one year	12	(15,427)	(13,858)
Provisions for liabilities			
Deferred tax	13	(72,271)	(59,626)
		<u>(72,271)</u>	<u>(59,626)</u>
Net assets		<u><u>973,550</u></u>	<u><u>701,673</u></u>
Capital and reserves			
Called up share capital		200	200
Profit and loss account		973,350	701,473
		<u>973,550</u>	<u>701,673</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

N Marchiando
 Director

Date:

08 April 2022

AUTO SPORT ENGINEERING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	200	676,949	677,149
Comprehensive income for the year			
Profit for the year	-	24,524	24,524
Total comprehensive income for the year	-	24,524	24,524
At 1 January 2021	200	701,473	701,673
Comprehensive income for the year			
Profit for the year	-	271,877	271,877
Total comprehensive income for the year	-	271,877	271,877
At 31 December 2021	200	973,350	973,550



AUTO SPORT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Auto Sport Engineering Limited is a company limited by shares, incorporated in England and Wales and domiciled in England.

The registered office is, Brandon Road, Binley, Coventry, West Midlands CV3 2AH and the registered number is 07148169.

The principal activity of the company during the period was the manufacture of precision engineered parts.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentational currency of the financial statements is pound sterling which is the functional currency of the company and the financial statements are rounded to the nearest £. The financial information of the current period relates to the year ended 31 December 2021 and the comparative information relates to the year ended 31 December 2020.

The following principal accounting policies have been applied:

2.2 Going concern

The directors consider the business to be a Going Concern. The company has been profitable historically, and has strong profits in the current year despite the COVID-19 pandemic. The company's order book in 2022 has increased greatly. The company holds cash reserves to mitigate any potential loss.



AUTO SPORT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.



AUTO SPORT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

COVID-19 grants received

During the prior year the company obtained grants from the UK government in relation to COVID-19. Grants are accounted for under the accruals model. Grants relating to revenue are recognised in other operating income on a systematic basis over the period in which the related costs are incurred. Grants for compensation are recognised in income in the period to which they become receivable.

2.7 Finance costs

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

2.8 Borrowing costs

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

2.9 Pensions

Defined Contribution Pension Plan

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

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



AUTO SPORT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant & machinery	- 10% reducing balance
Fixtures & fittings	- 10% reducing balance
Computer equipment	- 20% straight line

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

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



AUTO SPORT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

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

2.15 Cash and cash equivalents

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

2.16 Creditors

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing

AUTO SPORT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.18 Financial instruments (continued)

transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors confirm there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Other operating income

	2021 £	2020 £
Other operating income	-	12,709
Coronavirus Job Retention grant income	-	40,545
	-	53,254

In the prior year the company received grants in relation to the Coronavirus Job Retention Scheme. These grants, from the UK government, were applied for in line with the company meeting the necessary criteria. All grants were inclusive within the year and were settled in the year.



AUTO SPORT ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Employees

The average monthly number of employees, including directors, during the year was 19 (2020 - 20).

6. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	71,886	13,038
Total current tax	<u>71,886</u>	<u>13,038</u>
Deferred tax		
Origination and reversal of timing differences	(6,185)	(9,605)
Effect of tax rate on opening liability	18,830	7,287
Total deferred tax	<u>12,645</u>	<u>(2,318)</u>
Taxation on profit on ordinary activities	<u>84,531</u>	<u>10,720</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>356,408</u>	<u>35,244</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	67,718	6,696
Effects of:		
Fixed asset differences	(532)	(3,264)
Remeasurement of deferred tax for changes in tax rates	17,345	7,288
Total tax charge for the year	<u>84,531</u>	<u>10,720</u>

Factors that may affect future tax charges

In May 2021 an increase in the main corporation tax rate to 25% was enacted, to be applied from 1 April 2023 onwards. Closing deferred tax balances have been adjusted to reflect this change in rate.



AUTO SPORT ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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7. Exceptional items

	2021 £	2020 £
COVID-19 related costs	-	6,332
	<u>-</u>	<u>6,332</u>

In the prior year the COVID-19 related costs were one off costs incurred for PPE and other safety items in order for the Company to remain in operation during the pandemic.

8. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2021	1,290,328	245,413	1,535,741
Additions	<u>3,871</u>	<u>5,459</u>	<u>9,330</u>
At 31 December 2021	<u>1,294,199</u>	<u>250,872</u>	<u>1,545,071</u>
Depreciation			
At 1 January 2021	969,584	205,206	1,174,790
Charge for the year on owned assets	<u>32,305</u>	<u>7,465</u>	<u>39,770</u>
At 31 December 2021	<u>1,001,889</u>	<u>212,671</u>	<u>1,214,560</u>
Net book value			
At 31 December 2021	<u>292,310</u>	<u>38,201</u>	<u>330,511</u>
At 31 December 2020	<u>320,744</u>	<u>40,207</u>	<u>360,951</u>

9. Stocks

	2021 £	2020 £
Raw materials and consumables	921	197
Work in progress	<u>27,890</u>	<u>21,678</u>
	<u>28,811</u>	<u>21,875</u>



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10. Debtors

	2021 £	2020 £
Trade debtors	270,044	330,078
Prepayments and accrued income	47,580	41,911
	<u>317,624</u>	<u>371,989</u>

Trade debtors above are shown net of provisions totalling £Nil (2020: £Nil).

11. Creditors: Amounts falling due within one year

	2021 £	2020 £
Government capital grants received	-	1,569
Trade creditors	69,252	78,537
Amounts owed to group undertakings	56,624	56,624
Corporation tax	71,886	13,038
Other taxation and social security	67,866	121,526
Obligations under finance lease and hire purchase contracts	48	856
Accruals and deferred income	23,733	30,674
	<u>289,409</u>	<u>302,824</u>

12. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Government grants received	15,427	13,858
	<u>15,427</u>	<u>13,858</u>



AUTO SPORT ENGINEERING LIMITED

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13. Deferred taxation

	2021 £
At beginning of year	(59,626)
(Charged)/credited to profit or loss	(12,645)
At end of year	(72,271)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(72,429)	(59,772)
Short term timing differences	158	146
	(72,271)	(59,626)

14. Pension commitments

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. During the year contributions to the scheme totalled £16,665 (2020: £9,655).

There were unpaid contributions outstanding at the period end of £634 (2020: £1,787) relating to deductions during the period.

15. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	103,237	113,152
Later than 1 year and not later than 5 years	392,232	387,795
Later than 5 years	490,290	640,800
	985,759	1,141,747



AUTO SPORT ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Related party transactions

During the period, Auto Sport Engineering Limited paid management charges of £113,239 (2020: £113,249) to Marval Srl, the ultimate parent company of both Auto Sport Engineering Limited and Ensco 1053 Limited. At the year end the company owed Marval Srl £56,624 (2020: £56,624). No further related party transactions occurred.

17. Post balance sheet events

There are no adjusting or non-adjusting events affecting the Company following the year end.

18. Controlling party

Auto Sport Engineering is a wholly owned subsidiary of Ensco 1053 Limited.

The ultimate parent undertaking of Auto Sport Engineering Limited is Marval Srl, by virtue of its 100% shareholding in Ensco 1053 Limited.

