

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

2. Accounting policies (continued)

2.14 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Consolidated Statement of Comprehensive Income.

2.15 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 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 reporting 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.

Liabilities relating to stocking loan liabilities are included in trade creditors on the Statement of Financial Position.

Stock provisions are made by management based on age and condition of stock and related costs using their knowledge of the business and prevailing market conditions.

Consignment stock is valued at prices set by manufacture. Management controls the ageing profile of the consignment stock and is reviewed frequently.

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2. Accounting policies (continued)

2.18 New Vehicle funding

Consignment vehicles on which the company bears the risk and responsibilities of ownership are regarded as being under the control of the company and, in accordance with Section 13 of FRS 102, are included in inventory on the Statement of Financial Position, although legal title has not passed to the company. The corresponding liability is included as new vehicle funding and is secured directly on these vehicles.

2.19 Debtors: Amounts falling due within one year

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.

2.20 Cash and cash equivalents

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

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

2.21 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.

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2. Accounting policies (continued)

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Group becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of Financial Position.

2.23 Financial instruments

The Group 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.

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 Consolidated Statement of Comprehensive Income.

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 Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.24 Dividends

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

**NOTES TO THE FINANCIAL STATEMENTS
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3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities. Future events and their affects cannot be determined with absolute certainty. Therefore the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some circumstances, actuarial techniques. The Group constantly re-evaluates these significant factors and makes adjustments where facts and circumstances dictate.

3.1 Critical judgements in applying the Group's accounting policies

(i) Deferred Tax

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary difference will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of the tax expense in the income statement, except where it relates to items charged to other comprehensive income or directly to equity.

(ii) Tangible fixed assets

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(iii) Investments

The carrying value of investments in subsidiaries are measured at cost less impairment. This is considered at each balance sheet date, based upon market value.

3.2 Key sources of estimation uncertainty

(i) Inventories

In determining the net realisable value of inventories, management consider approaches based on type of inventory. Demonstrator stock is held at cost less provision in line with NRV for the end of the term of demonstrator. Used vehicle stock is continuously monitored against market conditions based on industry leading valuation estimates. Parts stock is reviewed for obsolescence periodically.

**NOTES TO THE FINANCIAL STATEMENTS
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4. Turnover

The whole of the turnover is attributable to the principal activities of the Group and Company, being the sale and servicing of new and used motor vehicles.

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants receivable	<u>162,643</u>	<u>965,190</u>

The government grants receivable of £162,643 (2020: £965,190) relate to the Coronavirus Job Retention Scheme (CJRS).

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	381,935	405,040
Other operating lease rentals	<u>1,028,619</u>	<u>984,123</u>

7. Auditor's remuneration**Fees payable to the Group's auditor in respect of:**

Taxation compliance services	7,990	6,180
All other services	7,800	7,450
Fees payable to the Group's auditor for the audit of the Group's annual accounts	<u>56,650</u>	<u>49,870</u>
	<u>72,440</u>	<u>63,500</u>

**NOTES TO THE FINANCIAL STATEMENTS
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8. Employees

Staff costs, including director's remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	7,284,330	6,294,709	4,658,891	3,724,766
Social security costs	696,417	650,570	492,716	448,255
Cost of defined contribution scheme	118,426	116,004	64,048	65,619
	<u>8,099,173</u>	<u>7,061,283</u>	<u>5,215,655</u>	<u>4,238,640</u>

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

	2021 No.	2020 No.
Service and sales	149	157
Management and administration	38	39
	<u>187</u>	<u>196</u>

9. Director's remuneration

	2021 £	2020 £
Director's emoluments	<u>515,016</u>	<u>352,357</u>

The highest paid director received remuneration of £515,016 (2020: £352,357).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2020: £nil).

We have identified Key Management Personnel and their total remuneration amounts to £830,374 (2020: £554,402), this comprises £816,360 (2020: £545,251) in wages and £14,014 (2020: £9,151) in pension contributions.

10. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	<u>1,385</u>	<u>999</u>

NOTES TO THE FINANCIAL STATEMENTS
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11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	71,356	100,348
Other loan interest payable	456,134	393,812
Finance leases and hire purchase contracts	6,484	11,567
	<u>533,974</u>	<u>505,727</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	515,302	100,800
Adjustments in respect of previous periods	31,915	(57,388)
Total current tax	<u>547,217</u>	<u>43,412</u>
Deferred tax		
Origination and reversal of timing differences	27,745	(20,985)
Adjustments in respect of previous periods	472	(3,901)
Effect of tax rate change on opening balance	22,706	9,728
Total deferred tax	<u>50,923</u>	<u>(15,158)</u>
Taxation on profit	<u>598,140</u>	<u>28,254</u>

NOTES TO THE FINANCIAL STATEMENTS
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12. Taxation (continued)**Factors affecting tax charge for the year**

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

	2021 £	2020 £
Profit before tax	<u>2,760,666</u>	<u>750,959</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	524,527	142,682
Effects of:		
Fixed asset differences	(1,150)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,965	148
Capital allowances for year in excess of depreciation	-	20,125
Remeasurement of deferred tax for changes in tax rates	20,451	(1,943)
Adjustment to tax charge in respect of prior periods	31,915	-
Other differences leading to an increase (decrease) in the tax charge	472	(61,687)
Group relief	-	(95)
Deferred tax not recognised	14,810	(70,976)
Income not taxable for tax purposes	(2,850)	-
Total tax charge for the year	<u><u>598,140</u></u>	<u><u>28,254</u></u>

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

13. Dividends

	2021 £	2020 £
Dividends paid	<u><u>335,000</u></u>	<u><u>-</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
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14. Intangible assets**Group and Company**

	Domain Name £
Cost	
At 1 January 2021	-
Additions	8,000
At 31 December 2021	<u>8,000</u>
Amortisation	
At 1 January 2021	-
Charge for the year	2,000
At 31 December 2021	<u>2,000</u>
Net book value	
At 31 December 2021	<u><u>6,000</u></u>
At 31 December 2020	<u><u>-</u></u>

The additions during the year relate to the domain name.

BREEZE MOTOR COMPANY LIMITED

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

Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets in the course of construction £	Total £
Cost							
At 1 January 2021	585,000	1,911,740	1,207,014	473,244	281,723	-	4,458,721
Additions	-	14,578	34,548	30,714	11,504	514,961	606,305
Revaluations	15,000	-	-	-	-	-	15,000
At 31 December 2021	600,000	1,926,318	1,241,562	503,958	293,227	514,961	5,080,026
Depreciation							
At 1 January 2021	-	854,435	904,362	334,117	252,913	-	2,345,827
Charge for the year	-	150,873	149,556	62,828	26,582	-	389,839
At 31 December 2021	-	1,005,308	1,053,918	396,945	279,495	-	2,735,666
Net book value							
At 31 December 2021	600,000	921,010	187,644	107,013	13,732	514,961	2,344,360
At 31 December 2020	585,000	1,057,305	302,652	139,127	28,810	-	2,112,894

BREEZE MOTOR COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets (continued)

Company

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets in the course of construction £	Total £
Cost							
At 1 January 2021	585,000	871,698	841,724	259,577	224,312	-	2,782,311
Additions	-	14,578	17,113	10,043	11,504	514,961	568,199
Revaluations	15,000	-	-	-	-	-	15,000
At 31 December 2021	600,000	886,276	858,837	269,620	235,816	514,961	3,365,510
Depreciation							
At 1 January 2021	-	367,454	696,038	212,834	208,004	-	1,484,330
Charge for the year	-	69,428	92,488	31,459	15,259	-	208,634
At 31 December 2021	-	436,882	788,526	244,293	223,263	-	1,692,964
Net book value							
At 31 December 2021	600,000	449,394	70,311	25,327	12,553	514,961	1,672,546
At 31 December 2020	585,000	504,244	145,686	46,743	16,308	-	1,297,981

**NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts for the Group are as follows:

	2021 £	2020 £
Plant and machinery	61,350	92,025
Furniture, fittings and equipment	43,999	65,998
	<u>105,349</u>	<u>158,023</u>

The valuation of freehold property was made in December 2021 by Primmer Olds BAS, on an open market value for freehold vacant possession. The director is not aware of any material change in value by the year end therefore the valuation has not been updated. If the property had been accounted for under the historic cost accounting rules, the carrying value as at 31 December 2021 would be £502,990 (2020: £523,529).

16. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
At 1 January 2021	1,685,564
At 31 December 2021	<u>1,685,564</u>
Net book value	
At 31 December 2021	<u>1,685,564</u>
At 31 December 2020	<u>1,685,564</u>

**NOTES TO THE FINANCIAL STATEMENTS
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Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Breeze (Southampton) Limited	Mazars LLP, 5th Floor Merck House, Seldown Lane, Poole, Dorset, BH15 1TW	Provision and sale of commercial vehicles	Ordinary	100 %
Bournemouth TPS Limited	Mazars LLP, 5th Floor Merck House, Seldown Lane, Poole, Dorset, BH15 1TW	Provision of automotive management services	Ordinary	100 %
Southampton TPS LLP	Mazars LLP, 5th Floor Merck House, Seldown Lane, Poole, Dorset, BH15 1TW	Dormant	Ordinary	95 %

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Breeze (Southampton) Limited	1,095,961	886,452
Bournemouth TPS Limited	1,052,325	91,515
Southampton TPS LLP	527,278	-

**NOTES TO THE FINANCIAL STATEMENTS
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17. Investment property**Group and Company**

	Freehold investment property £
Valuation	
At 1 January 2021	680,000
Surplus on revaluation	60,000
At 31 December 2021	<u>740,000</u>

All of the Group's investment property are held in the Parent company.

The latest valuation of investment property was made in December 2021 by Primmer Olds BAS, on an open market value for freehold vacant possession. If the property had been accounted for under the historic cost accounting rules, the carrying value as at 31 December 2021 would be £502,990 (2020: £523,529).

18. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Consignment stock	1,330,237	9,503,342	1,123,551	7,812,911
Finished goods and goods for resale	12,563,851	9,433,906	7,338,035	5,775,695
	<u>13,894,088</u>	<u>18,937,248</u>	<u>8,461,586</u>	<u>13,588,606</u>

The director has considered the substance of the stocking arrangements with the suppliers of vehicle stock. The director considered that the consignment stock held by the Company is in substance an asset of the Group. The Group has access to the benefits of stock and exposure to the risks and costs of holding it.

Stocks are stated after provisions for impairment of £452,866 (2020: £336,971).

NOTES TO THE FINANCIAL STATEMENTS
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19. Debtors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	598,702	1,356,128	476,050	730,729
Amounts owed by related party	616,384	532,816	-	-
Other debtors	460,483	740,265	450,642	701,235
Prepayments and accrued income	500,053	559,495	366,228	433,853
	<u>2,175,622</u>	<u>3,188,704</u>	<u>1,292,920</u>	<u>1,865,817</u>

Trade debtors are stated net of provisions for impairment of £984 (2020: £922).

Amounts owed by related party are unsecured, interest-free and repayable on demand.

20. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	2,851,545	194,623	1,350,723	2,960
Less: bank overdrafts	-	(14,370)	-	(14,370)
	<u>2,851,545</u>	<u>180,253</u>	<u>1,350,723</u>	<u>(11,410)</u>