REGISTERED NUMBER: 01437311 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

FOR

FORMULA ONE AUTO CENTRES LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

FORMULA ONE AUTO CENTRES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2021

DIRECTORS:	P S Glencross J Glencross L Glencross J Butcher S L Hughes K W Lee S A Jennings I Keeley
SECRETARY:	J Glencross
REGISTERED OFFICE:	Aston House Boulton Road Stevenage Hertfordshire SG1 4QX
REGISTERED NUMBER:	01437311 (England and Wales)
AUDITORS:	Watson Associates (Audit Services) Ltd Statutory Auditor 30 - 34 North Street Hailsham East Sussex BN27 1DW

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2021

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

BUSINESS REVIEW
The statement of comprehensive income is set out on page 13 and shows a profit before tax of £6,265,365 for the period. Turnover for the period amounted to £77,623,053.

The company continues to increase its sales & profitability, with another strong performance this year.
The company's core strategy delivers growth through increased sales and performance, plus expansion of outlets. The company operates a mix of freehold and leasehold properties, providing a strong framework for expansion.

During the period, the company opened three more sites in Shipley, Stratford Upon Avon and Boston, taking the total number of sites to 123. The company expects to open 12 sites in the next financial year.
The company is also open to acquisition opportunities in addition to individual openings.

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and execution of the company's strategy are subject to a number of risks. The principal risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers, employee retention, product availability and cost inflation.

Competition remains fierce, which ultimately benefits the customer through lower pricing and reduced margins. Increasing the company's market share through expansion and customer retention enables the company to continue to grow.

Employee retention is a key focus of the company and has been a challenge during the past year, as it has been for many companies across different industries. Discussion with employees on all levels occurs frequently, through meetings and literature. The development and growth of social media has allowed us to target a greater mix of the company's employee base, bringing people's skills and achievements to everyone's attention, publicising local events and issues and praising jobs well done. Decisions on public holiday opening, opening hours and rewards for length of service have been made based on discussions with staff members. Recognition of skills continues, with assistance towards further education and qualifications being offered. Since having obtained industry standard training recognition, the company has sponsored many applicants to the government-controlled MOT authorised examiner status. This qualification brings with it career growth, employee financial reward and greater skills knowledge. This year the company has pro-actively increased the number of people gaining the MOT qualification. The company has also taken on a number of apprentices at the start of the new financial year and expects to be able continue to do this in future years.

To mitigate the risk of product availability, the company has increased the number of authorised suppliers to enable a wider range of products to be made available to the company's customers. This has resulted in multiple suppliers for similar products, to ensure that the mix of products meet the company's customers demands. Each supplier is important to the company for providing effective, timely and accurate product supply to the local centre.
The company works hard to ensure timely delivery to our sites to meet customer demand and have increased the number of same day options for its online customers.

Cost inflation has increased during the period and also since the period end. To mitigate the impact, the company has embarked on a programme to become more energy efficient, both reducing costs and improving its impact on the environment.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2021

SECTION 172(1) STATEMENT
Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In this respect the Directors have had regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct;
and
- Need to act fairly as between members of the Company.

The Directors seek to ensure that their decision making process not only takes into account the Company's purpose, vision and values, together with its strategic priorities, but also reflects, as far as practical and possible, the interests of all stakeholders.

KEY PERFORMANCE INDICATORS
The company manages the business by reference to key performance indicators. Each trading outlet is recognised as a profit centre and is measured accordingly. Due to the varied nature of the business, the performance indicators will differ greatly from outlet to outlet, therefore individual monitoring is paramount and is measured daily.

Competent management reporting tools are in place to provide essential current, timely reporting in a clear and precise manner.

Principal indicators used by the company include, but are not limited to;
(1) Revenue recognized as per the financial statements
(2) Gross margin = gross profit/gross sales
(3) Wages sales percentage = staff costs/gross sales

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place policies and procedures that seek to limit the potentially adverse effects on the financial performance of the company of such risks. These policies are set by the directors.

The company does not use derivative financial instruments to manage interest rate risks.

Price risk

Due to the market the company operates in, the company is exposed to price risk from its suppliers and competitors. However, given the size of the company's operations and in addition to the actions identified above, the company is able to manage the potential exposure through supplier agreements and rebate mechanisms.

Credit risk

The majority of the company's sales are not made on credit. However, for those sales made on credit, appropriate credit checks on customers who apply for credit accounts are made prior to the sale. The amount of any individual customer is subject to a limit and the exposure of the company as a whole is mitigated by multiple credit control procedures and the diverse nature of the customer base.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. The risk is mitigated as the company has sufficient cash resources available to it through either its own funds or access to further bank facilities.

Brexit

The company continues to monitor the impact of Brexit and as shown in note 4 the company derives all of its income from within the UK, and primarily purchases from UK suppliers. Where suppliers bring goods into the UK, the company has discussed with their supplier their stock holding levels & continuity of supply such that the company anticipates that there will be no significant disruption to the supply chain. Additionally, the group is able to source products from different suppliers and is also not dependent on any one brand of product.

The company also has a low proportion of staff from EU countries and, therefore, considers that the likelihood of being unable to find replacement staff as very low.

Covid-19

The company has managed to remain open & trade throughout the COVID-19 pandemic and is classed as an "essential service" by the UK Government. Following the government's decision to extend MOT expiry dates during the first lockdown, the shape of the company's turnover has shifted somewhat from April, May and June into August, September and October. The company did furlough a small number of employees during quieter periods of trade in the period as lockdowns and the changed MOT phasing impacted. However, the company feel that across the full year, trade has continued to grow above pre-Covid levels.
The company received a substantial CLBILS Government-backed loan during the period to protect against a potential further decline in business. This was repaid in full before the period end.

Interest rate cash flow risk

The company had both interest-bearing assets and interest-bearing liabilities during the year. Interest bearing assets include cash balances which earn interest as floating rates. Interest bearing liabilities include debt facilities and loans from the company's bankers which accrue interest at floating rates of interest.
At the end of the period, the company renewed and extended its revolving credit facility with the bank to support the expansion plans.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2021

Engagement with Employees
Our employees are a key part of our operations. We share with them our strategy and actively engage with employees on significant decisions that may impact them. This is achieved through activities such as regular management and supervisor meetings, and company notices.

Engagement with Suppliers, Customers and Others
Our customers and suppliers are central to our business. We engage and build relationships via face to face interactions, events, promotional activity and visits to our sites. We We constantly strive to improve working relationships with both suppliers and customers to ensure our continued strength and growth.

Future developments
The company continues to achieve growth by seeking and acquiring more sites . Post year end there are 12 planned sites to be purchased and opened. Taking the total sites to 135.

Employee involvement
The company's policy is to consult and discuss the interests of employees through staff meetings and discussions.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the 's company's performance.

Disabled persons
The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who have become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

ON BEHALF OF THE BOARD:

S L Hughes - Director

9 November 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2021

The directors present their report with the financial statements of the company for the year ended 31 July 2021.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of an autocentre.

DIVIDENDS
Dividends distributed for the year ended 31 July 2021 amounted to £5,015,000 (2020: £3,530,847). The directors do not recommend the payment of a final dividend.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 August 2020 to the date of this report.

P S Glencross
J Glencross
L Glencross
J Butcher
K W Lee
S A Jennings

Other changes in directors holding office are as follows:

S Lant - resigned 25 January 2021
S L Hughes - appointed 1 December 2020
I Keeley - appointed 1 August 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2021

STREAMLINED ENERGY AND CARBON REPORTING

	2021
UK energy use kWh	KWh's
Gas	595,718
Electricity	5,023,584
Transport Fuel	352,815
	5,972,118
Associated Greenhouse gas emissions tC02e	tC02e
Emissions from combustion of gas	109.53
Emissions from purchased electricity	1,171.20
Emissions from combustion of transport fuel	352.82
	1,633.55
Intensity ratio	
Sales revenue £1k	77,623.05
Tonnes CO2 Equivalent	1,633.55
Tonnes of CO2e per total £1k sales revenue	2.10%

Methodology
All operations are UK Based, none are offshore or global.

Consumption has been calculated using the following assumptions and data:

Gas	- Meter readings at start and end of period to generate kWh usage.
Electricity	- Meter readings at start and end of period to generate kWh usage.
Transport Fuel	- Due to complexities of extracting actual litres consumed, we have used the annual spend on fuel and assumed an estimated price per litre of £1.331/litre.

N.B. We have not included mileage payments made to managers or travel via public transport. These are paid via expenses making it too time consuming to work through to separate out what is mileage and other expenditure.

Energy Efficiency Action
The company has recently taken several steps to increase the businesses' energy efficiency across its chain of autocentres, head office and in terms of the fleet.

With regards fleet, we have invested in one electric vehicle to date, trialling it's effectiveness for day to day operations. All vehicles purchased are regularly serviced to minimise emissions.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Watson Associates (Audit Services) Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S L Hughes - Director

9 November 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FORMULA ONE AUTO CENTRES LIMITED

Opinion
We have audited the financial statements of Formula One Auto Centres Limited (the 'company') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 July 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 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.

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and we considered the extent to which non-compliance might have a material effect on the financial statements.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to achieve desired financial results and the manipulation of exceptional items and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- enquiries with management, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations and examining supporting calculations where a provision has been made in respect of these;
- reading key correspondence with regulatory authorities in relation to compliance with certain employment laws;
- understanding and evaluating the design and implementation of management's controls designed to prevent and detect irregularities;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to valuation of investment property, impairment of investments in subsidiaries and the measurement and classification of exceptional items;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and postings by unusual users.

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 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 Report of the Auditors.

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 a Report of the Auditors 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.

Stephen James Moore (Senior Statutory Auditor)
for and on behalf of Watson Associates (Audit Services) Ltd
Statutory Auditor
30 - 34 North Street
Hailsham
East Sussex
BN27 1DW

9 November 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2020 £
TURNOVER	4	77,623,053	72,182,224
Cost of sales		(29,019,397)	(28,487,990)
GROSS PROFIT		48,603,656	43,694,234
Administrative expenses		(42,883,961)	(39,839,359)
		5,719,695	3,854,875
Other operating income		843,715	633,814
OPERATING PROFIT	6	6,563,410	4,488,689
Income from shares in group undertakings		-	1,038,595
Interest receivable and similar income		2,163	12,811
		6,565,573	5,540,095
Amounts written off investments	8	-	(541,396)
		6,565,573	4,998,699
Interest payable and similar expenses	9	(300,208)	(618,278)
PROFIT BEFORE TAXATION		6,265,365	4,380,421
Tax on profit	10	(1,305,591)	(700,004)
PROFIT FOR THE FINANCIAL YEAR		4,959,774	3,680,417
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,959,774	3,680,417

The notes form part of these financial statements

FORMULA ONE AUTO CENTRES LIMITED (REGISTERED NUMBER: 01437311)

BALANCE SHEET
31 JULY 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	12	3,322,885	3,759,203
Tangible assets	13	17,922,141	18,285,906
Investments	14	1,002	1,002
Investment property	15	871,945	-
		22,117,973	22,046,111
CURRENT ASSETS			
Stocks	16	2,298,187	2,144,505
Debtors	17	4,983,165	3,575,381
Cash at bank and in hand		9,763,032	8,574,617
		17,044,384	14,294,503
CREDITORS			
Amounts falling due within one year	18	(23,048,287)	(21,533,631)
NET CURRENT LIABILITIES		(6,003,903)	(7,239,128)
TOTAL ASSETS LESS CURRENT LIABILITIES		16,114,070	14,806,983
CREDITORS			
Amounts falling due after more than one year	19	(10,365,441)	(9,353,266)
PROVISIONS FOR LIABILITIES	22	(662,042)	(311,904)
NET ASSETS		5,086,587	5,141,813
CAPITAL AND RESERVES			
Called up share capital	23	10,002	10,002
Revaluation reserve	24	1,088,143	1,088,143
Retained earnings	24	3,988,442	4,043,668
SHAREHOLDERS' FUNDS		5,086,587	5,141,813

The financial statements were approved by the Board of Directors and authorised for issue on 9 November 2021 and were signed on its behalf by:

S L Hughes - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 August 2019	10,002	3,894,098	1,088,143	4,992,243
Changes in equity				
Dividends	-	(3,530,847)	-	(3,530,847)
Total comprehensive income	-	3,680,417	-	3,680,417
Balance at 31 July 2020	10,002	4,043,668	1,088,143	5,141,813
Changes in equity				
Dividends	-	(5,015,000)	-	(5,015,000)
Total comprehensive income	-	4,959,774	-	4,959,774
Balance at 31 July 2021	10,002	3,988,442	1,088,143	5,086,587

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	8,823,358	10,462,576
Interest paid		(236,313)	(569,647)
Interest element of hire purchase payments paid		(48,862)	(48,631)
Finance costs paid		(15,033)	-
Tax paid		(1,077,902)	(626,949)
Net cash from operating activities		7,445,248	9,217,349
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,352,321)	(2,941,535)
Sale of tangible fixed assets		161,443	50,220
Interest received		2,163	12,811
Dividends received		-	1,038,595
Net cash from investing activities		(2,188,715)	(1,839,909)
Cash flows from financing activities			
New loans in year		1,000,000	1,660,884
New Hire Purchases loans in year		762,790	-
Capital repayments in year		(815,908)	(591,092)
Equity dividends paid		(5,015,000)	(3,530,847)
Net cash from financing activities		(4,068,118)	(2,461,055)
Increase in cash and cash equivalents		1,188,415	4,916,385
Cash and cash equivalents at beginning of year	2	8,574,617	3,658,232
Cash and cash equivalents at end of year	2	9,763,032	8,574,617

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Profit before taxation	6,265,365	4,380,421
Depreciation charges	2,201,315	2,458,695
Profit on disposal of fixed assets	(82,298)	(30,654)
Amounts written off investment	-	541,395
Finance costs	300,208	618,278
Finance income	(2,163)	(1,051,406)
	8,682,427	6,916,729
(Increase)/decrease in stocks	(153,682)	478,454
(Increase)/decrease in trade and other debtors	(1,416,713)	1,308,894
Increase in trade and other creditors	1,711,326	1,758,499
Cash generated from operations	8,823,358	10,462,576

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2021

	31.7.21	1.8.20
	£	£
Cash and cash equivalents	9,763,032	8,574,617

Year ended 31 July 2020

	31.7.20	1.8.19
	£	£
Cash and cash equivalents	8,574,617	6,017,919
Bank overdrafts	-	(2,359,687)
	8,574,617	3,658,232

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2021**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.20	Cash flow	Other non-cash changes	At 31.7.21
	£	£	£	£
Net cash				
Cash at bank and in hand	8,574,617	1,188,415		9,763,032
	8,574,617	1,188,415		9,763,032
Debt				
Finance leases	(933,219)	53,118	(762,790)	(880,101)
Debts falling due after 1 year	(9,000,000)	(1,000,000)	-	(10,000,000)
	(9,933,219)	(946,882)	(762,790)	(10,880,101)
Total	(1,358,602)	241,533	(762,790)	(1,117,069)

1. STATUTORY INFORMATION

Formula One Auto Centres Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill
Goodwill, being the amounts paid in connection with the acquisition of a couple of businesses, is being amortised evenly over their individual estimated useful life of 10 years.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of four years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its
estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.
Freehold Property - Held at cost from 01/08/19 (Previously 2% on cost)
Long Leasehold - in accordance with the property
Plant and Machinery - straight line over 6 years (Previously 25% on cost)
Motor Vehicles - 25% on cost

Revaluation of tangible fixed assets
Individual freehold and leasehold properties were carried at fair value on transition to FRS 102 less any subsequent accumulated depreciation and subsequent accumulated losses. Revaluations were undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

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

Revaluation gains and losses are recognised in the Statement of 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 profit or loss.

continued...

2. **ACCOUNTING POLICIES - continued**

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 the profit and loss account 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.

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investment property
Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Investment properties are properties held to earn rentals and/or capital appreciation. Investment properties are initially measured at cost including transaction costs. Subsequently, investment properties whose fair value can be measured reliably without undue cost or effort on an on-going basis are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Investment properties whose fair value cannot be measured reliably without undue cost or effort on an on-going basis are included in plant, property and equipment at cost less accumulated depreciation and accumulated impairment losses.

Stocks
Stocks are valued at the lower of cost and net realisable value, being the estimated selling price less costs to disposal, after making due allowance for obsolete and slow moving items. Last cost is used to approximate cost.

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 disposal. The impairment loss is recognised immediately in profit or loss, in the Statement of comprehensive income.

Financial instruments
The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments that are payable or receivable within one year, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received; other debt instruments are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method.

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 profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only 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.

continued...

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

No significant judgements have had to be made by management in preparing these financial statements.

There were no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

continued...

4. TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, excluding VAT and trade discounts. Revenue is recognised when the risks and rewards of ownership transfer which is typically when the service is completed, or the goods provided.

Property rental income is recognised by the company on an accrual basis, spread over the life of the lease arrangement.

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	23,670,282	20,292,550
Social security costs	2,229,208	1,821,419
Other pension costs	373,584	345,452
	26,273,074	22,459,421

The average number of employees during the year was as follows:

	2021	2020
Directors	8	5
Administrative	74	77
Selling and distribution	731	722
	813	804

	2021	2020
	£	£
Directors' remuneration	2,684,544	1,091,917

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	2	2

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	1,047,036	584,629

continued...

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Other operating leases	6,810,218	6,278,623
Depreciation - owned assets	1,546,538	1,574,728
Depreciation - assets on hire purchase contracts	218,458	231,965
Profit on disposal of fixed assets	(82,298)	(30,654)
Goodwill amortisation	436,318	564,000
Computer software amortisation	-	88,001

7. AUDITORS' REMUNERATION

	2021	2020
£ £		
Fee payable to the company's auditor in respect of		
Audit of the company	25,650	25,000
Audit of the financial statements of the group and subsidiary undertakings	6,000	6,000
	31,650	31,000
Non audit Services		
Taxation Compliance and Advisory Services	8,400	8,250
Other Services	9,200	2,450
	17,600	10,700

8. AMOUNTS WRITTEN OFF INVESTMENTS

	2021	2020
	£	£
Amounts w/o invs	-	541,396

The amounts mentioned above are in relation to the subsidiary Protium Holdings Limited.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank loan interest	236,313	569,647
Hire purchase	48,862	48,631
Interest on overdue tax	15,033	-
	300,208	618,278

continued...

10. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	1,000,000	603,554
Prior year taxation	(44,547)	-
Total current tax	955,453	603,554
Deferred tax	350,138	96,450
Tax on profit	1,305,591	700,004

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	6,265,365	4,380,421
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,190,419	832,280
Effects of:		
Expenses not deductible for tax purposes	38,548	212,550
Income not taxable for tax purposes	-	(197,333)
Capital allowances in excess of depreciation	(77,717)	-
Depreciation in excess of capital allowances	-	84,276
Income tax suffered by deduction	-	(16,214)
Short Lease premium release	(195)	(1,169)
Profit on disposal of assets	(15,637)	(5,824)
Deferred Tax Movement	350,138	96,450
S455 tax reversal of prior period	-	(305,422)
(Under)/Over provision	(179,965)	410
Total tax charge	1,305,591	700,004

11. DIVIDENDS

	2021	2020
	£	£
Ordinary shares shares of £1 each		
Interim	5,015,000	3,530,847

continued...

12. INTANGIBLE FIXED ASSETS

	Goodwill £	Computer software £	Totals £
COST			
At 1 August 2020	4,591,479	580,222	5,171,701
Disposals	-	(580,222)	(580,222)
At 31 July 2021	4,591,479	-	4,591,479
AMORTISATION			
At 1 August 2020	832,276	580,222	1,412,498
Amortisation for year	436,318	-	436,318
Eliminated on disposal	-	(580,222)	(580,222)
At 31 July 2021	1,268,594	-	1,268,594
NET BOOK VALUE			
At 31 July 2021	3,322,885	-	3,322,885
At 31 July 2020	3,759,203	-	3,759,203

13. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 August 2020	10,191,981	12,734,999	15,156,358	1,284,636	39,367,974
Additions	29,161	858,642	904,499	560,019	2,352,321
Disposals	-	-	-	(340,995)	(340,995)
Reclassification/transfer	(942,909)	-	-	-	(942,909)
At 31 July 2021	9,278,233	13,593,641	16,060,857	1,503,660	40,436,391
DEPRECIATION					
At 1 August 2020	697,582	6,389,025	13,305,384	690,077	21,082,068
Charge for year	-	882,145	495,464	387,387	1,764,996
Eliminated on disposal	-	-	-	(261,850)	(261,850)
Reclassification/transfer	(70,964)	-	-	-	(70,964)
At 31 July 2021	626,618	7,271,170	13,800,848	815,614	22,514,250
NET BOOK VALUE					
At 31 July 2021	8,651,615	6,322,471	2,260,009	688,046	17,922,141
At 31 July 2020	9,494,399	6,345,974	1,850,974	594,559	18,285,906

continued...

13. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 July 2021 is represented by:

	Freehold property £	Long leasehold £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 2013	1,088,143	-	-	-	1,088,143
Cost	8,190,090	13,593,641	16,060,857	1,503,660	39,348,248
	9,278,233	13,593,641	16,060,857	1,503,660	40,436,391

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST OR VALUATION	
At 1 August 2020	1,084,174
Additions	554,962
Disposals	(43,214)
Transfer to ownership	(635,481)
At 31 July 2021	960,441
DEPRECIATION	
At 1 August 2020	502,857
Charge for year	218,458
Eliminated on disposal	(9,003)
Transfer to ownership	(377,125)
At 31 July 2021	335,187
NET BOOK VALUE	
At 31 July 2021	625,254
At 31 July 2020	581,317

continued...

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 August 2020	1,002	3,331	4,333
Disposals	-	(3,331)	(3,331)
At 31 July 2021	1,002	-	1,002
PROVISIONS			
At 1 August 2020	-	3,331	3,331
Provision written back	-	(3,331)	(3,331)
At 31 July 2021	-	-	-
NET BOOK VALUE			
At 31 July 2021	1,002	-	1,002
At 31 July 2020	1,002	-	1,002

At 31 July 2021 the company held 100% of the allotted ordinary share capital of the following dormant entities:

Formula Plus Autocentres Limited
Formula Autocentres Limited
Protium Holdings Limited
PJS Automotive Limited
Autowise Tyre and Autocentres Limited*

*Investment held indirectly through the company's investment in PJS Automotive Limited.

All subsidiaries were incorporated in England and Wales.

The registered office for all of the subsidiaries is Aston House, Boulton Road, Stevenage, Hertfordshire SG1 4QX.

During the previous year the investment in Protium was fully impaired due to the fact that the trade now operates from this company.

15. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
Reclassification/transfer	871,945
At 31 July 2021	871,945
NET BOOK VALUE	
At 31 July 2021	871,945

15. INVESTMENT PROPERTY - continued

Investment property has been reclassified from Freehold property where this relates to property held to receive rental income or capital appreciation.

The value held within these accounts is the cost less accumulated depreciation. The valuation of this property was in line with this and therefore no revaluation has taken place as of the year end.

16. STOCKS

	2021	2020
	£	£
Stocks	2,298,187	2,144,505

Stock is measured at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items as well as sale or return stock.

Cost is calculated on a last cost basis to approximate costs for each individual centre, this includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is based on estimated selling price less costs to complete and sell.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	626,742	376,240
Amounts owed by group undertakings	-	8,929
Other debtors	565,505	650,533
Prepayments and accrued income	3,790,918	2,539,679
	4,983,165	3,575,381

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Hire purchase contracts (see note 21)	514,660	579,953
Trade creditors	11,567,824	9,713,468
Amounts owed to group undertakings	1,857,350	1,000
Tax	871,983	994,432
Social security and other taxes	524,122	2,565,076
VAT	1,825,218	3,071,193
Other creditors	121,107	154,422
Accruals and deferred income	5,766,023	4,454,087
	23,048,287	21,533,631

continued...

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans (see note 20)	10,000,000	9,000,000
Hire purchase contracts (see note 21)	365,441	353,266
	10,365,441	9,353,266

20. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	1,000,000
Amounts falling due between two and five years:		
Bank loans - 2-5 years	10,000,000	8,000,000

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	514,660	579,953
Between one and five years	365,441	353,266
	880,101	933,219

	Non-cancellable	operating leases
	2021	2020
	£	£
Within one year	5,674,290	5,149,348
Between one and five years	19,965,682	18,314,650
In more than five years	21,560,597	19,553,063
	47,200,569	43,017,061

22. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax	662,042	311,904

continued...

22. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 August 2020	311,904
Provided during year	350,138
Balance at 31 July 2021	662,042

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
10,000	Ordinary shares	£1	10,000	10,000
2	Series A Preference shares	£1	2	2
			10,002	10,002

24. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 August 2020	4,043,668	1,088,143	5,131,811
Profit for the year	4,959,774		4,959,774
Dividends	(5,015,000)		(5,015,000)
At 31 July 2021	3,988,442	1,088,143	5,076,585

25. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the consolidated financial statements in respect of the company amounted to £6,052,170 (2020: £nil). This is in relation to leases on new sites committed to opening at the year end.

26. RELATED PARTY DISCLOSURES

Included within other debtors is a credit balance of £nil (2020 amounts due to P S Glencross of: £8,417) due to P S Glencross and £nil (2020: amounts due to L Glencross of £10,754) due to L Glencross, both of whom were directors during the year and shareholders of the parent company.

All of the directors have authority and responsibility for planning, directing and controlling the activities of the parent company and are considered to be key management, personnel as defined in FRS 102. Total remuneration in respect of these individuals is £3,103,337 (2020: £1,232,441).

During the year the parent company paid dividends amounting to £4,750,000 (2020: £3,530,847) in respect of shares held by the directors and paid dividends to the immediate parent undertaking amounting to £5,015,000 (2020: £3,530,847).

continued...

27. GOVERNMENT GRANTS

Other income includes amounts received from the Government's Coronavirus Job Retention Scheme. The income is received in the form of grants. The company has also benefited from the deferment of VAT and PAYE payments under the Government's deferral scheme as well as the receipt of a government backed loan and rates relief.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.