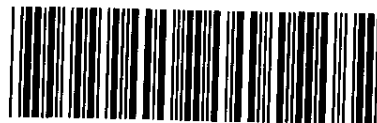


Marshall Motor Group Limited
Report and financial statements

For the 15 months ended 31 March 2022

Company Number 00295579

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Marshall Motor Group Limited
Report and financial statements
For the 15 months ended 31 March 2022

CONTENTS	Page
Officers and Professional Advisers	2
Strategic Report	3
Directors' Report	4
Statement of Directors' Responsibilities	6
Independent Auditor's Report to the Members of Marshall Motor Group Limited	7
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Marshall Motor Group Limited
Officers and Professional Advisers
For the 15 months ended 31 March 2022

The Board of Directors

R.J. Blumberger
J.H. Crowther
J.L. Head
J.M. Moxon
T.G. Lampert
A. Wallington

Company Secretary

S.R. Jones

Registered Office

Airport House
The Airport
Cambridge
CB5 8RY
United Kingdom

Auditor

BDO LLP
Arcadia House
Maritime Walk - Ocean Village
Southampton
SO14 3TL

Banker

Barclays Bank Limited
9-11 St. Andrew's Street
Cambridge
CB2 3AA

Solicitor

Dentons UKMEA LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1FE

Marshall Motor Group Limited

Strategic Report

For the 15 months ended 31 March 2022

Review of the business

The activities of Marshall Motor Group Limited ("the Company") continue to consist primarily of vehicle sales, servicing of vehicles and associated activities.

On 21 December 2021, the Company changed its accounting reference date from 31 December to 31 March. Consequently, the Company's financial performance as reported in these financial statements is for the 15 month period ended 31 March 2022, the comparative period remains that of the year ended 31 December 2020.

The Company's financial performance is assessed primarily by reference to turnover and gross margin as disclosed in the Income Statement. Turnover grew to £1,558,552,000 (year ended 31 December 2020: £980,160,000) along with an increase in gross profit to £173,582,000 (year ended 31 December 2020: £99,789,000). In addition to the impact of the extension of the current reporting period to 15 months, turnover and gross profit have improved as significantly less disruption arising due to measures taken in respect of the COVID-19 pandemic was experienced in the current period compared to during 2020.

Key performance indicators

The business activities of the Company cover multiple divisions operated by the group headed by Marshall Motor Holdings Limited ("the Group"). As performance is managed on a divisional basis, additional Company-specific performance indicators are not considered necessary to provide an understanding of the financial position and performance of business activities. Divisional performance is discussed in the Marshall Motor Holdings Limited consolidated financial statements which can be obtained from the address in Note 28. The Marshall Motor Holdings Limited consolidated financial statements do not form part of this Strategic Report.

Principal risks and uncertainties

The principal risks and uncertainties that may have a significant impact on the Company's financial condition, results of operations and/or reputation include: business interruption, business relationships and strategy, legal and regulatory changes, compliance risk, economic and political uncertainty, treasury and finance risks, environmental and health and safety risks, attracting and retaining key employees and IT and cyber security risks. The Company is a member of the group headed by Marshall Motor Holdings Limited ("MMH"). For full details of these risks, see the Principal Risks and Uncertainties section of the MMH consolidated financial statements.

Financial risk management

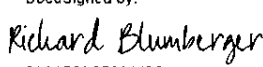
Business activities are carried out under normal trade terms, these terms and relationships with suppliers and customers are regularly reviewed. The Company has a treasury arrangement providing access to Group facilities; funding requirements are managed on a group-wide basis. The Company does not use financial derivatives and does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Board decision making (s172 statement)

When making decisions, the Directors consider what is most likely to lead to the success of the Company and to be of benefit to the members as a whole over the long term. When making such decisions, the Directors also consider the interests of other key stakeholder groups and seek to arrive at conclusions which do not adversely affect these groups as a whole. For full details of these considerations, see the Strategic Report section of the Marshall Motor Holdings Limited consolidated financial statements.

Approval

This Strategic Report was approved by order of the Board on 16 December 2022.

DocuSigned by:

6AAAF2ACF9A148C
R.J. Blumberger
Director

Marshall Motor Group Limited

Directors' Report

For the 15 months ended 31 March 2022

Directors

The Directors of Marshall Motor Group Limited ("the Company") throughout the period and to the date of this report were:

D. Gupta (resigned on 25 May 2022)
R.J. Blumberger
J.H. Crowther
J.L. Head
J.M. Moxon
T.G. Lampert (appointed on 1 July 2022)
A. Wallington (appointed on 1 June 2022)

Results and dividends

The Company is owned by Marshall Motor Holdings Limited ("the Group").

The profit for the period, after tax, amounted to £28,120,000 (year ended 31 December 2020: £4,742,000). No dividends have been paid during the period (year ended 31 December 2020: £nil) and the Directors do not recommend the payment of a final dividend.

Auditor

In so far as each of the persons who were Directors at the date of approving these financial statements is aware:

- there is no relevant information of which the Company's auditor is unaware; and
- each Director has taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

A resolution to reappoint BDO LLP as auditors of the Company will be proposed at the Annual General Meeting.

Charitable donations

During the period, the Company made charitable donations of £5,000 (year ended 31 December 2020: £24,000).

Events since the balance sheet date

For full details of all such events see Note 29 'Events after the reporting period'.

Going concern

The financial statements are prepared on a going concern basis. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date that these financial statements are signed. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

For further information on the going concern assessment see Note 1 'Basis of preparation and statement of compliance'.

Future developments

The Group's strategic vision is to be regarded as the UK's premier automotive retailer. The Company will continue to focus on achieving this goal through:

- the performance optimisation of the business
- offering outstanding customer service
- demonstrating retailing excellence
- building strong relations with our brand partners and key suppliers, and
- being a great place to work.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Marshall Motor Group Limited

Directors' Report (*continued*)

For the 15 Months ended 31 March 2022

Employee involvement

During the period, the policy of providing employees with information about the Company has been continued through the newsletter 'Marshall Matters', team briefings and Chief Executive Officer video briefings. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Business relationships

The Directors recognise that it is essential for the ongoing success and reputation of the Company to foster strong relationships with the stakeholder community. For full details of these considerations and the effect this regard has had on the principal decisions made in the period, see the Board Decision Making (s172 Statement) section of the Strategic Report in the Marshall Motor Holdings Limited consolidated financial statements.

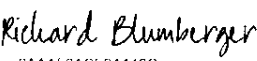
Streamlined Energy and Carbon Reporting (SECR)

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the Regulations"), the Company is mandated to disclose its UK energy use and the associated greenhouse gas emissions relating to natural gas, electricity and transport fuel. In addition, publication of an intensity ratio as well as the calculation methodology applied is required.

The energy consumption and associated greenhouse gas emissions of the Company's operations during the reporting period from 1 January 2021 to 31 March 2022 are included within the figures reported in the SECR section of the Directors' Report in the Marshall Motor Holdings Limited consolidated financial statements. As a result, these statistics are not also required to be reported in the Company's financial statements. The Marshall Motor Holdings Limited consolidated financial statements do not form part of this Directors' Report.

Approval

This Directors' Report was approved by order of the Board on 16 December 2022.

DocuSigned by:

6AAAF2ACF9A148C
R.J. Blumberger
Director

Marshall Motor Group Limited

Statement of Directors' Responsibilities

For the 15 months ended 31 March 2022

The Directors are responsible for preparing the Strategic Report, 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 period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

Independent Auditor's Report to the Members of Marshall Motor Group Limited

For the 15 months ended 31 March 2022

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the period 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.

We have audited the financial statements of Marshall Motor Group Limited ("the Company") for the 15 months ended 31 March 2022 which comprise the Income Statement, the Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

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

Independent Auditor's Report to the Members of Marshall Motor Group Limited
(continued)
For the 15 months ended 31 March 2022

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the company;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;

Independent Auditor's Report to the Members of Marshall Motor Group Limited *(continued)*

For the 15 months ended 31 March 2022

Auditor's responsibilities for the audit of the financial statements *(continued)*

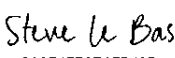
- Reviewing minutes of meetings of those charged with governance to identify any instances of non-compliance with laws and regulations
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and inventories and journals raised after the year end.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's member 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Stephen Le Bas (Senior statutory auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK

16 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Marshall Motor Group Limited

Income Statement

For the 15 months ended 31 March 2022

	Note	15 months ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Turnover	4	1,558,552	980,160
Cost of sales		(1,384,970)	(880,371)
Gross profit		173,582	99,789
Administrative expenses		(137,461)	(100,980)
Other operating income	5	-	9,112
Operating profit		36,121	7,921
Interest payable and similar charges	9	(1,904)	(1,941)
Profit on ordinary activities before taxation	6	34,217	5,980
Tax on profit on ordinary activities	10	(6,097)	(1,238)
Profit for the financial period		28,120	4,742

The Company has no recognised gains or losses other than the profit for the period as set out above.

All of the activities of the Company are classed as continuing.

The notes on pages 13 to 31 form part of these financial statements.

Marshall Motor Group Limited

Balance Sheet

As at 31 March 2022

	Note	31 March 2022		31 December 2020	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		7,404		8,340
Tangible assets	12		9,675		10,868
			<u>17,079</u>		<u>19,208</u>
Current assets					
Stock	13	158,863		149,803	
Debtors: amounts falling due after one year	15	1,100		1,065	
Debtors: amounts falling due within one year	14	349,739		163,564	
Cash at bank and in hand		4		31,107	
		<u>509,706</u>		<u>345,539</u>	
Creditors: amounts falling due within one year	17	<u>(421,709)</u>		<u>(292,161)</u>	
Net current assets			<u>87,997</u>		<u>53,378</u>
Total assets less current liabilities			<u>105,076</u>		<u>72,586</u>
Creditors: amounts falling due after more than one year	18		(6,172)		(4,563)
Provisions for liabilities	19		<u>(2,747)</u>		<u>(2,350)</u>
Net assets			<u><u>96,157</u></u>		<u><u>65,673</u></u>
Capital and reserves					
Called-up share capital	24		2,250		2,250
Share-based payments reserve	26		2,918		713
Profit and loss account	25		<u>90,989</u>		<u>62,710</u>
Shareholder's funds			<u><u>96,157</u></u>		<u><u>65,673</u></u>

The notes on pages 13 to 31 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2022.

DocuSigned by:

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R.J. Blumberger
 Director

Company Number: 00295579

Marshall Motor Group Limited

Statement of Changes in Equity

For the 15 months ended 31 March 2022

		Called-up share capital £'000	Share-based payments reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2020	Note	2,250	339	57,968	60,557
for the financial year		-	-	4,742	4,742
Total comprehensive income for the year		-	-	4,742	4,742
Share-based payments charge	26	-	374	-	374
At 31 December 2020		2,250	713	62,710	65,673
for the financial period		-	-	28,120	28,120
Total comprehensive income for the period		-	-	28,120	28,120
Exercise of share options	26	-	(382)	159	(223)
Share-based payments charge	26	-	2,587	-	2,587
At 31 March 2022		2,250	2,918	90,989	96,157

The notes on pages 13 to 31 form part of these financial statements.

Marshall Motor Group Limited

Notes to the Financial Statements

For the 15 months ended 31 March 2022

1. Basis of preparation and statement of compliance

Marshall Motor Group Limited (company number: 00295579) ("the Company") is a private company, limited by shares, incorporated in England and Wales. The registered office is Airport House, The Airport, Newmarket Road, Cambridge, CB5 8RY. The financial statements have been prepared in compliance with FRS 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'.

The financial statements of the Company were authorised for issue by the Board of Directors on 16 December 2022.

The financial statements are prepared in sterling, which is the functional and presentational currency of the Company. All amounts are rounded to the nearest £'000.

The Company accounts have also adopted the following disclosure exemptions:

- presentation of a cash-flow statement and related notes
- financial instrument related disclosures
- key management personnel compensation disclosures
- related party disclosures with wholly owned subsidiaries within the Group.

These exemptions have been applied as the Company is a qualifying entity and the shareholders of the Company have been notified in writing and no objection has been made to the use of the exemptions.

Reporting period

On 11 May 2022 the entire share capital of the Company's immediate parent undertaking (Marshall Motor Holdings Limited) was acquired by CAG Vega 2 Limited, part of the Constellation Automotive Group. In anticipation of this change of ownership, to align the reporting period with that of the acquirer, all entities in the Group changed their accounting reference date from 31 December to 31 March. Amounts presented in respect of the 2022 reporting period cover 15 months. Comparative figures per the Income Statement, Statement of Changes in Equity and related notes are for a 12 month period.

Going concern

The Company reported a profit for the fifteen months ended 31 March 2022 and maintained a positive financial position. In addition, the Company has a treasury arrangement with other companies in the group of companies of which Marshall Motor Holdings Limited is the parent company ('the Group'). As at 31 March 2022 the Group had £60 million of committed, but undrawn, banking facilities made available under a facility agreement due to expire in September 2024.

In addition to these banking facilities, the Company also has, through being a member of the Group, access to substantial vehicle stock funding arrangements of which £158.9 million was utilised by the Company and a total of £413.0 million was utilised by the Group at 31 March 2022. These Group treasury arrangements facilitate the Company being able to meet its liabilities as they fall due.

The financial statements are prepared on a going concern basis. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date that these financial statements are signed. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

2. Accounting policies

Revenue recognition

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding Value Added Tax. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover in respect of new and used vehicle sales is recognised when: the significant risks and rewards of ownership of the goods have passed to the buyer, (usually when a customer takes possession of a vehicle); the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or expected to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover in respect of other services is recognised once the service has been provided.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

2. Accounting policies *(continued)*

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. All such grants relate to expense items. The grant is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The grant income is disclosed in other operating income in the Income Statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of tangible fixed assets have different useful lives, those components are accounted for as separate items of tangible fixed assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Estimated residual values are included in the calculation of depreciation. The useful lives applicable are:

Leasehold improvements	- shorter of the lease term or 10 years
Fixtures and fittings	- 5 years
Computer equipment	- 2-5 years

Impairment of non-financial assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement for the period.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the Income Statement for the period.

Goodwill

Goodwill acquired on each business combination is capitalised, classified as an asset in the Balance Sheet and amortised on a straight line basis over its useful life not exceeding 20 years. Where a business is sold, or where goodwill has been impaired, the net book value or the amount of impaired goodwill, as applicable, is charged through the Income Statement in the period of disposal or impairment. Currently goodwill is being amortised evenly over its useful economic life of 10 years which is based on the length of the franchise agreement in place and other factors such as the maturity of the customer base acquired. Amortisation is included within administrative expenses in the Income Statement.

Intangible assets

Intangible assets acquired as part of a business combination are recognised at fair value and consist of franchise agreements.

Intangible assets acquired as part of a business combination are recognised separately from goodwill if:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the fair value can be measured reliably; and either
- The intangible asset arises from contractual or legal rights; or
- The intangible asset is separable.

Franchise agreements are amortised evenly over their useful economic life of 10 years.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

2. Accounting policies *(continued)*

Intangible assets *(continued)*

Other intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Other intangible assets include software licences and development costs. Costs consist of the purchase price of licences and consultancy time from third parties.

Intangible assets are recognised from the development phase of a project when the following can be demonstrated: technical feasibility, the intention and availability of adequate technical, financial and other resources to complete the development, how the asset will generate probable future economic benefits and that its cost can be reliably measured.

Amortisation is calculated on a straight line basis over the assets' expected economic lives, which vary depending on the nature of the assets. Software and development costs are amortised over 3-5 years. Amortisation begins when the intangible asset is available for use. Amortisation is included within administrative expenses in the Income Statement.

Stock

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

Stock held on consignment is recognised in the Balance Sheet when the terms of a consignment agreement and commercial practice indicate that the principal benefit of owning the stock (the ability to sell it) and principal risks of ownership (stock holding cost, responsibility for safe-keeping and some risk of obsolescence) rest with the Company. Stock held on consignment is recognised net of value added taxes.

The Company finances the purchase of new and used vehicle stock using vehicle funding facilities provided by various lenders including the captive finance companies associated with brand partners.

These finance arrangements have varying maturity profiles with terms ranging from 60 to 360 days. The Company is normally required to repay amounts outstanding on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date. Amounts due to finance companies in respect of vehicle funding are included within trade creditors and disclosed under vehicle financing arrangements. Vehicle financing facilities are subject to finance house base rate (or similar) interest rates. The interest incurred under these arrangements is included within interest payable and similar charges and classified as stock financing charges.

Basic financial instruments

Debtors

Short term debtors are measured at transaction price, less any impairment. Any losses arising from impairment are recognised in the Income Statement in administrative expenses.

Creditors

Short term trade creditors are measured at the transaction price. Trade creditors include the liability for vehicles (inclusive of value added taxes) held on consignment with the corresponding asset included within stock (exclusive of value added taxes).

Interest-bearing Loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is recognised in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash in hand.

Leasing – as lessee

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

During the prior period, as a direct consequence of the COVID- 19 pandemic, the Company received rent concessions under a number of property leases in the form of both deferred and waived rent payments. A number of these concessions continued to unwind during the current period.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

2. Accounting policies *(continued)*

Leasing – as lessee *(continued)*

Waived rent payments have been accounted for in accordance with the amendments to Section 20 of FRS 102. Where the following conditions are met, no lease expense has been recognised during the period covered by the waived rent payments:

- The change in lease payments resulted in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- The reduction in lease payments affected only payments originally due on or before 30 June 2021; and
- There is no significant change to other terms and conditions of the lease.

Deferred rent payments do not impact the total consideration payable under the lease and therefore continue to be recognised on a straight-line basis over the lease term.

Leasing – as lessor

Leases that do not transfer substantially all the risks and rewards of ownership are treated as operating leases. Their annual rentals are credited to the Income Statement on a straight-line basis over the term of the lease. Costs incurred are recognised in line with normal depreciation policy for similar assets.

Provisions for liabilities

A provision is recognised in the Balance Sheet when the Company has; a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in interest payable.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

Deferred tax is calculated without discounting using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on initial recognition in a business combination, the tax charge / (credit) is presented either in the Income Statement, Other Comprehensive Income or the Statement of Changes in Equity depending on the transaction that resulted in the tax charge / (credit).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Pensions

The parent company, Marshall Motor Holdings Limited operates a defined contribution scheme for the employees of the Group. The Company participates in a defined contribution scheme for its employees. Contributions are charged to the Income Statement as they come payable in accordance with the rules of the scheme.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

2. Accounting policies *(continued)*

Share-based payments

Marshall Motor Holdings Limited ("the Group") operates a number of equity-settled, share-based compensation plans through which the Company allows employees to receive shares in the parent company, Marshall Motor Holdings Limited.

Equity-settled share-based payments are measured at fair value (calculated excluding the effect of service and non-market based performance vesting conditions) at the date of grant. The share-based payment charge to be expensed is determined by reference to the fair value of share options granted and is recognised as an employee expense within underlying earnings, with a corresponding increase in equity.

The share-based payment charge is recognised on a straight-line basis over the vesting period (being the period over which all vesting conditions are to be satisfied). An award subject to graded vesting is accounted for as though it were multiple, separate awards, the number of awards being determined in direct correlation to the number of instalments in which the options vest.

The share-based payment charge is based on the estimate of the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-market performance vesting conditions and service conditions. The Group's remuneration policy gives the Remuneration Committee discretion to revise performance conditions to adjust for the impact of Group restructurings and reorganisations on incentive outcomes. The impact of any revisions to original vesting estimates or performance conditions is recognised in the Income Statement with a corresponding adjustment to the Statement of Changes in Equity.

Social security contributions payable in connection with share options granted are considered to be an integral part of the grant and are, therefore, treated as cash-settled transactions. For cash settled share-based payments, the Company recognises a liability for the services acquired, measured initially at the fair value of the liability. This liability is re-measured at each balance sheet date and at the date of settlement, with any changes in fair value recognised in the Income Statement.

When options are exercised, Marshall Motor Holdings Limited issues new shares. These shares are gifted to the Employee Benefit Trust at nominal value. When options issued by the Employee Benefit Trust are exercised the share based payment reserve is reduced by the transfer to profit and loss reserves of the fair value of options exercised.

Where shares options are forfeited or lapse, effective from the date of the forfeiture, any share-based payment charge previously recognised in both the current and prior periods in relation to these options is reversed through the Income Statement with a corresponding adjustment through the Statement of Changes in Equity.

3. Significant judgements and key sources of estimation uncertainty

The Company makes judgements and estimates concerning the future. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Valuation of goodwill

The Company reviews the goodwill and intangible assets arising on the acquisition of subsidiaries or businesses and values each identifiable asset separately. Intangible assets are then allocated to cash generating units ('CGUs'), however this allocation exercise requires a high level of judgement and the Company consults with independent experts as required.

Estimated useful life of intangible fixed assets and impairment of non-financial assets

The Company estimates the useful life and residual values of intangible fixed assets and reviews these estimates at each financial period end. The Company also tests for impairment when a trigger event occurs or annually as appropriate.

Stock valuation

Motor vehicle stock is stated at the lower of cost and net realisable value (being the fair value of the motor vehicles less costs to sell). Fair values are assessed using reputable industry valuation data which is based upon recent industry activity and forecasts. Whilst this data is deemed representative of the current value of vehicles held in stock it is possible that the price at which the vehicles are actually sold will differ from the vehicles' industry valuations. Where this is the case, adjustments arise in the Income Statement on the sale of vehicles held in stock.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

3. Significant judgements and key sources of estimation uncertainty *(continued)*

Stock valuation *(continued)*

Industry valuations are sensitive to rapid changes in regulatory and market conditions which are difficult to anticipate. In light of the materiality of the inventory balance in the Balance Sheet, this uncertainty is considered to represent a key source of estimation uncertainty. The inventory provision as at 31 March 2022 represents 4.3% of the gross inventory balance (31 December 2020: 3.1%), this increase is due to the unusual market conditions during the 15 months ended 31 March 2022 and the expectation of lower pricing during the year ending 31 March 2023.

Provisions

Dilapidation provision

The Company operates from a number of leasehold premises and is typically required by the terms of the lease to restore leased premises to their original condition on vacation of the premises at the end of the lease term. Estimates of dilapidation costs are calculated in accordance with the specific remediation requirements stipulated in each lease contract. At the point at which these remediation costs can be reliably estimated, a provision is recognised. Whilst this data is deemed representative of current estimates it is possible that costs can vary from those applied.

Vacant property provision

The Company recognises provisions for all vacant leasehold property which the Company has substantially ceased to use for the purpose of its business and where subletting is unlikely, or would be at a reduced rental compared to that being paid under the head lease. The provision recognised represents the estimated future unavoidable costs of meeting the obligations under the leases during the remaining lease term. Whilst this data is deemed representative of current estimates it is possible that costs can vary from those applied.

4. Turnover

Turnover is all attributable to the principal activity of the Company, which is car and commercial vehicle sales, distribution and service. All turnover arises from continuing activities within the United Kingdom and is stated net of VAT.

Turnover is analysed as follows:

	15 months ended 31 March 2022	Year ended 31 December 2020
	£'000	£'000
Sale of goods	1,501,388	928,970
Rendering of services	57,164	51,190
	1,558,552	980,160

5. Other operating income

	15 months ended 31 March 2022	Year ended 31 December 2020
	£'000	£'000
Coronavirus Job Retention Scheme grant income	-	9,112

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

6. Profit on ordinary activities before taxation

This is stated after charging:

	15 months ended 31 March 2022	Year ended 31 December 2020
	£'000	£'000
Depreciation of tangible fixed assets (note 12)	5,073	3,898
Amortisation of intangible fixed assets (note 11)	1,739	1,478
Loss on disposal of tangible fixed assets	162	318
Operating lease costs - land and buildings	12,314	9,203
Operating lease costs - vehicles and equipment	501	239
Auditor's remuneration - audit of the financial statements	196	60

The Company has borne the audit fees for the audits of the financial statements of the Group's subsidiary undertakings. The figures in the table above reflect the total fees for the audits of all applicable fellow subsidiary undertakings in the group headed by Marshall Motor Holdings Limited. The fees for the Company are £40,000 (year ended 31 December 2020: £30,000).

The operating lease costs in respect of leases of land and buildings disclosed above are the expense after recognising in the Income Statement COVID-19 related rent concessions received of £nil (year ended 31 December 2020: £13,000).

7. Staff costs

Staff costs during the period were as follows

	15 months ended 31 March 2022	Year ended 31 December 2020
	£'000	£'000
Wages and salaries	84,284	60,467
Social security costs	8,508	6,979
Other pension costs	1,841	1,388
Share-based payments	3,484	246
	98,117	69,080

Employee costs stated above exclude grant income of £nil (year ended 31 December 2020: £9,112,000) received under the Coronavirus Job Retention Scheme.

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

	15 months ended 31 March 2022	Year ended 31 December 2020
	No.	No.
Administration	405	503
Sales and aftersales	1,326	1,408
	1,731	1,911

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

8. Directors' remuneration

Remuneration in respect of Directors was as follows.

	15 months ended 31 March 2022	Year ended 31 December 2020
	£'000	£'000
Wages and salaries	1,105	534
Post-employment benefits	53	36
Share-based payments	161	72
	1,319	642

During the period, 3 Directors (year ended 31 December 2020: 3) participated in defined contribution pension schemes.

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	15 months ended 31 March 2022	Year ended 31 December 2020
	£'000	£'000
Wages and salaries	392	199
Post-employment benefits	21	17
Share-based payments	92	31
	505	247

The costs of Director's services for D.Gupta and R.J. Blumberger are borne by the Company's parent company, Marshall Motor Holdings Limited.

9. Interest payable and similar charges

	15 months ended 31 March 2022	Year ended 31 December 2020
	£'000	£'000
Bank interest	1,611	1,033
Stock financing charges	293	908
	1,904	1,941

Certain banking facilities to which the Group's subsidiary companies are party are held in cash pooling arrangements. Interest payable on pooled balances is borne by the Company.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

10. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	15 months ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
<i>Current tax</i>		
Current tax on profit for the period	6,143	1,044
Adjustment in respect of previous periods	(11)	(80)
Total current tax	6,132	964
<i>Deferred tax</i>		
Origination and reversal of timing differences	490	271
Adjustment in respect of previous periods	(319)	149
Effect of change in tax rates	(206)	(146)
Total deferred tax	(35)	274
Taxation on profit on ordinary activities	6,097	1,238

b) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the period is lower (year ended 31 December 2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	15 months ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Profit on ordinary activities before tax	34,217	5,980
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	6,501	1,136
Effects of:		
Expenses not deductible for tax purposes	132	179
Adjustments to tax charge in respect of previous periods	(330)	69
Effect of change in tax rates	(206)	(146)
Total tax charge for the period	6,097	1,238

c) Factors that may affect future tax charges

Future tax charges, therefore the Company's effective tax rate, may be affected by factors such as acquisitions, disposals, restructuring and tax regime reforms.

In the Budget of 3 March 2021, the Chancellor of the Exchequer announced a 6% increase in the standard rate of corporation tax, which will be applicable in the financial year beginning 1 April 2023. This change in the rate of corporation tax to 25% will affect the amount of future tax payments for which the Company will be responsible. Being substantively enacted, this rate change has already been reflected in the measurement of the Company's deferred tax assets and liabilities.

For further information on deferred tax balances see Note 16 'Deferred Tax'.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

11. Intangible fixed assets

	Software £'000	Goodwill £'000	Franchise agreements £'000	Total £'000
Cost				
At 1 January 2021	2,299	7,972	5,386	15,657
Additions	84	719	-	803
Disposals	(15)	-	-	(15)
At 31 March 2022	2,368	8,691	5,386	16,445
Amortisation				
At 1 January 2021	1,672	4,939	706	7,317
Charge for the period	374	674	691	1,739
Disposals	(15)	-	-	(15)
At 31 March 2022	2,031	5,613	1,397	9,041
Net book value				
At 31 March 2022	337	3,078	3,989	7,404
At 1 January 2021	627	3,033	4,680	8,340

Acquisitions

On 24 May 2021, the Company acquired the trade and assets of two Jaguar Land Rover dealerships in Cheltenham and Gloucester. Under the same Asset Purchase Agreement, Marshall of Cambridge (Garage Properties) Limited acquired title to two pieces of freehold land. All assets acquired and liabilities assumed were in exchange for cash consideration. This acquisition is part of the Company's stated strategy to grow with existing brand partners in new geographic territories by adding further sites in excellent locations.

The estimated identifiable assets and liabilities at the date of acquisition are stated at their provisional fair values as set out below. The goodwill arising on this acquisitions is attributed to the expected synergies and benefits associated with the increased brand representation.

	Net book value £'000	Fair value adjustments £'000	Fair value of net assets acquired £'000
Property, plant and equipment	331	(231)	100
Stock	2,576	-	2,576
Trade and other debtors	26	-	26
Trade and other creditors	(275)	-	(275)
Provisions	-	(125)	(125)
Net assets acquired	2,658	(356)	2,302
Goodwill			719
Total cost (cash consideration and acquisition costs)	2,658	(356)	3,021

There is no contingent consideration. For the period from acquisition to 31 March 2022, the revenues and the loss before tax generated by this dealership were immaterial in the context of the Company's revenues and profit before tax.

If the acquisition had taken effect at the beginning of the reporting period in which the acquisition occurred (1 January 2021), on a pro forma basis, the change in revenue and profit before tax of the combined Company for the period ended 31 March 2022 would have been immaterial in the context of the Company.

Marshall Motor Group Limited
Notes to the Financial Statements *(continued)*
For the 15 Months ended 31 March 2022

12. Tangible fixed assets

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2021	5,833	27,953	33,786
Additions	218	3,769	3,987
Additions on acquisition	-	100	100
Disposals	(130)	(3,669)	(3,799)
At 31 March 2022	5,921	28,153	34,074
Depreciation and impairment			
At 1 January 2021	2,092	20,826	22,918
Charge for the period	955	4,118	5,073
On disposals	(108)	(3,484)	(3,592)
At 31 March 2022	2,939	21,460	24,399
Net book value			
At 31 March 2022	2,982	6,693	9,675
At 1 January 2021	3,741	7,127	10,868

13. Stock

	31 March 2022 £'000	31 December 2020 £'000
Stock held for resale	158,863	149,803

The replacement cost of stock is not significantly different from the value included in the Balance Sheet.

At 31 March 2022 and 31 December 2020 all new, and the majority of used, vehicles are held under vehicle financing arrangements (see Note 17).

14. Debtors: amounts falling due within one year

	31 March 2022 £'000	31 December 2020 £'000
Trade debtors	23,470	13,706
Amounts owed by Group undertakings	302,934	132,723
Other debtors	15,597	13,458
Prepayments	7,682	3,621
Corporation tax	56	56
	349,739	163,564

15. Debtors: amounts falling due after more than one year

	31 March 2022 £'000	31 December 2020 £'000
Deferred taxation (note 16)	1,101	1,065

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

16. Deferred tax

The movement in the deferred tax asset during the period was:

	31 March 2022	31 December 2020
	£'000	£'000
At 1 January	1,065	1,389
Changes in provision	35	(274)
On acquisition	-	(50)
At period end	1,100	1,065

The balance of the deferred tax asset consists of the tax effect of timing differences in respect of:

	31 March 2022	31 December 2020
	£'000	£'000
Decelerated capital allowances	656	530
Other short term timing differences	444	535
Total deferred tax	1,100	1,065

During the year beginning 1 April 2022, the net reversal of existing deferred tax assets and liabilities is expected to increase the corporation tax charge for that year by £90,000. This is due to fixed asset movements expected during the period, offset by the unwinding of the deferred tax asset in relation to the defined benefit pension scheme Section 75 employer debt payment made on cessation of participation in the scheme in 2019: deductibility of which is spread over four years for tax purposes.

17. Creditors: amounts falling due within one year

	£'000	£'000
Bank overdraft	4,209	-
Trade creditors		
- vehicle financing arrangements	157,043	154,275
- other trade creditors	43,436	27,094
Amounts owed to Group undertakings	182,525	74,106
Other taxation and social security	2,973	4,030
Other creditors	544	867
Accruals and deferred income	30,979	31,789
	421,709	292,161

The Company finances the purchase of new and used vehicle stock using vehicle funding facilities provided by various lenders including the captive finance companies associated with brand partners. These finance arrangements have varying maturity profiles with terms ranging from 60 to 360 days. The Company is normally required to repay amounts outstanding on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date.

Amounts due to finance companies in respect of vehicle funding are included within trade creditors and disclosed under vehicle financing arrangements.

Vehicle financing facilities are subject to floating interest rates linked to the Bank of England Base Rate (or equivalent finance house base rates). The interest incurred under these arrangements is included within interest payable and similar charges and is classified as stock financing charges.

Vehicle funding facilities provided by various lenders are secured against vehicles and by guarantees provided by the Group's parent company, Marshall Motor Holdings Limited.

Management considers the carrying amount of creditors to approximate to their fair value.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

18. Creditors: amounts falling due after more than one year

	£'000	£'000
Deferred income	6,172	4,563

19. Provisions for liabilities

	Closed sites £'000	Dilapidations £'000	Vacant property £'000	Other £'000	Total £'000
As at 1 January 2021	95	595	148	1,512	2,350
Amount provided in the period	101	655	54	381	1,191
Amount released in the period	(22)	(202)	(24)	(398)	(646)
Amount utilised in the period	(64)	(106)	(97)	119	(148)
As at 31 March 2022	110	942	81	1,614	2,747

Closed sites, dilapidations and vacant property

The Company manages its portfolio carefully and either closes or sells sites which no longer fit with the Company's strategy. When sites are closed or sold provisions are made for any residual costs or commitments.

The Company operates from a number of leasehold premises under full repairing leases. The provision recognises that repairs are required to put the buildings back into the state of repair required under the leases.

Where property commitments exist at sites which are closed or closing the Company provides for the unavoidable cost of those leases post closure.

Other

Other provisions include a total amount of £1,289,000 (year ended 31 December 2020: £1,167,000) in respect of the Group's estimated financial exposure under open insurance claims and for potential output VAT payable arising from uncertain VAT treatment of specific vehicle purchases. Conclusion of these open positions was expected to occur in 2020, however due to delays and the impact of COVID-19, these are now expected to conclude in the upcoming period.

20. Pensions

As described in Note 2 'Accounting Policies', the Company participates in defined contribution pension schemes for the benefit of its employees. All schemes are funded by the payment of contributions to trustee-administered funds which are kept independently from the assets of the participating employers.

The total pension cost for the period for the Company in respect of defined contribution schemes was £1,840,000 in 31 March 2022 (year ended 31 December 2020: £1,388,000). The total unpaid pension contributions outstanding at the period-end were £277,000 (year ended 31 December 2020: £262,000).

21. Operating lease commitments – Company as lessee

The Company's future minimum operating lease commitments are as follows:

	31 March 2022		31 December 2020	
	Property £'000	Vehicles and equipment £'000	Property £'000	Vehicles and equipment £'000
Within one year	9,737	168	9,336	130
Between one and five years	18,603	44	15,978	36
After five years	10,886	-	9,628	-
	39,226	212	34,942	166

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

22. Operating lease commitments – Company as lessor

The Company has entered into non-cancellable operating leases on properties which it leases, but also sub-lets as lessor.

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

	31 March 2022 £'000	31 December 2020 £'000
Within one year	-	93

23. Transactions with related parties

The Company is a wholly owned subsidiary of Marshall Motor Holdings Limited and has taken advantage of the exemptions of FRS 102 not to disclose transactions with Marshall Motor Holdings Limited or other wholly owned subsidiaries within the Group.

	Sales to £'000	Purchases from £'000	Period-end balance £'000
15 months ended 31 March 2022			
<i>Ultimate parent undertaking</i>			
Marshall of Cambridge (Holdings) Limited	45	(28)	-
<i>Other group entities</i>			
Marshall Group Properties Limited	3	816	-
Marshall of Cambridge Aerospace Limited	13	253	75
Marshall Thermo King Limited	294	-	9
Marshall Fleet Solutions Limited	-	1	-
Marshall Land Systems Limited	2	-	-
	357	1,042	84
Year ended 31 December 2020			
<i>Ultimate parent undertaking</i>			
Marshall of Cambridge (Holdings) Limited	50	-	10
<i>Other group entities</i>			
Marshall Group Properties Limited	-	934	(323)
Marshall of Cambridge Aerospace Limited	4	77	(28)
Marshall Land Systems Limited	4	-	2
	58	1,011	(339)

Outstanding balances with Group entities are unsecured, interest free and are expected to be settled in cash. During the 15 months ended 31 March 2022, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (year ended 31 December 2020: £nil).

During the current and prior periods, the Directors were members of an employee car-ownership scheme under which the following transactions were made in the period. The Directors purchased 3 cars in 2020 (year ended 31 December 2020: 18) at a price of £281,000 (year ended 31 December 2020: £1,385,000) and sold back 5 cars (year ended 31 December 2020: 19) at a price of £464,000 (year ended 31 December 2020: £1,773,000). The Directors did not make a profit on these transactions.

24. Share capital

	31 March 2022 £'000	31 December 2020 £'000
Authorised, allotted and fully paid:		
2,250,000 ordinary shares of £1 each	2,250	2,250

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

25. Reserves

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

Share-based payments reserve - includes the cumulative fair value of share options awarded that are expected to vest in future periods.

26. Share-based payments

The Group operates an equity-settled share option scheme for certain senior managers and executive Directors of the Company ("the Performance Share Plan"). As at 31 March 2022, seven share grants have been awarded under the scheme being (a) IPO Performance Awards (vesting in two tranches) (b) 2016 Performance Awards (c) 2017 Performance Awards (d) 2018 Performance Awards (e) 2019 Awards (f) 2020 Awards and (g) 2021 Performance Awards. Awards are made annually to eligible employees at the discretion of the Remuneration Committee; employees receive shares at the end of the performance period, subject to the achievement of the specified underlying basic earnings per share ("EPS") performance conditions. Performance conditions are designed to incentivise senior managers and executive Directors to maximise long-term shareholder returns. Each option grant under the scheme is disclosed separately below.

The total share-based payments charge recognised during the 15 months ended 31 March 2022 was £3,484,000 (year ended 31 December 2020: £152,000). This is split as £897,000 (year ended 31 December 2020: £222,000) in accruals and deferred income and £2,587,000 (year ended 31 December 2020: £374,000) in the share-based payments reserve.

If an option remains unexercised after a period of ten years from the date of grant, the option expires. The weighted average remaining contractual life of options outstanding as at 31 March 2022 is 7.9 years (year ended 31 December 2020: 8.4 years).

The fair value of share options is determined by reference to the market value of the Group's shares at the date of grant. No valuation model is required to calculate the fair value of awards on the basis that the employees receiving the awards are entitled to receive the full value of the shares and there are no market-based performance conditions attached to the awards. The weighted average fair value of options outstanding as at 31 March 2022 is £1.83 (year ended 31 December 2020: £1.43). The fair value of options granted during the period was £2.57 (year ended 31 December 2020: £1.25). The fair value of equity settled share options granted was based on market value on 8 September 2021 when the share options were granted.

Options are ordinarily forfeited if the employee leaves the Company before the options vest.

All options issued are nil cost options and all awards have an exercise price of £nil.

The share option scheme is in place to encourage option holders to take appropriate and timely action to maximise the long-term financial performance and success of the Group. As a result, in accordance with the discretion afforded to them under the Group's remuneration policy, the Remuneration Committee regularly reviews any impact of Group restructurings and reorganisations on incentive outcomes to ensure that performance conditions are not distorted by action taken to optimise business performance for the long-term benefit of the Group. The Remuneration Committee exercised this discretion during both the current and prior periods.

In April 2021, the 2018 Performance Awards became exercisable. On 27 May 2021, all option holders exercised these options. As such, 59,565 existing ordinary shares were acquired from the market by MMH to satisfy the exercise of these options. On exercise, the Remuneration Committee exercised its discretion to settle a proportion of the share options equal to the option holders' tax liability arising on exercise in cash rather than being cash settled. The total value of cash-settled transactions was £116,000.

In September 2020, the 2017 Performance Awards became exercisable. On 27 May 2021, all option holders exercised these options. As such, 56,531 existing ordinary shares were acquired from the market by MMH to satisfy the exercise of these options. On exercise, the Remuneration Committee exercised its discretion to settle a proportion of the share options equal to the option holders' tax liability arising on exercise in cash rather than being cash settled. The total value of cash-settled transactions was £123,000.

No options were exercised during the year ended 31 December 2020.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

26. Share-based payments *(continued)*

As at 31 March 2022 outstanding share options were as follows

Award	Award date	No of shares over which options are outstanding	Exercise price	Date from which exercisable	Expiry date
2019 Awards	28 November 2019	299,998	Nil	11 May 2022	28 November 2029
2020 Awards	20 August 2020	628,000	Nil	11 May 2022	11 March 2030
2021 Performance Awards	08 September 2021	663,429	Nil	11 May 2022	10 March 2031

a) 2017 Performance Awards

The 2017 Performance Awards are subject to non-market performance conditions as detailed below as well as the service condition of continuous employment.

The options vest for achieving growth in underlying, basic EPS from 2018 to 2019, 25% vest for achieving growth of CPI plus 1% per annum and the percentage of options which vests increases on a straight line basis up to 100% vesting for achieving growth of CPI plus 5% per annum. These performance criteria were not met due to unprecedented adverse market conditions. The Remuneration Committee exercised its discretion in light of the circumstances, therefore, 50% of these options become exercisable on the third anniversary of the grant date. The options were exercised on 27 May 2021.

The 2017 Performance Awards are subject to a holding period which starts on the grant date and ends on the fourth anniversary of the grant date.

	15 months ended 31 March 2022 No.	15 months ended 31 March 2022 WAEP	Year ended 31 December 2020 No.	Year ended 31 December 2020 WAEP
2017 Performance Awards				
Outstanding as at 1 January	238,618	-	272,301	-
Granted during the year	-	-	-	-
Forfeited during the year	(115,111)	-	(33,683)	-
Exercised	(123,507)	-	-	-
Expired during the year	-	-	-	-
Outstanding at period-end	-	-	238,618	-
Exercisable at period-end	-	-	238,618	-

b) 2018 Performance Awards

The 2018 Performance Awards are subject to non-market performance conditions as detailed below as well as the service condition of continuous employment.

The options vest for achieving growth in underlying, basic EPS from 2017 to 2020; 25% vest for achieving growth of 1.3% per annum and the percentage of options which vests increases on a straight line basis up to 100% vesting for achieving growth of 6% or more per annum. These performance criteria were not met due to unprecedented adverse market conditions. The Remuneration Committee exercised its discretion in light of the circumstances; therefore, 50% of these options become exercisable on the third anniversary of the grant date. The options were exercised on 27 May 2021.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

26. Share-based payments *(continued)*

b) 2018 Performance Awards *(continued)*

The 2018 Performance Awards are subject to a holding period which starts on the grant date and ends on the fourth anniversary of the grant date.

	15 months ended 31 March 2022 No.	15 months ended 31 March 2022 WAEP	Year ended 31 December 2020 No.	Year ended 31 December 2020 WAEP
2018 Performance Awards				
Outstanding as at 1 January	280,426	-	315,915	-
Granted during the year	-	-	-	-
Forfeited during the year	(157,954)	-	(35,489)	-
Exercised	(122,472)	-	-	-
Expired during the year	-	-	-	-
Outstanding at period-end	-	-	280,426	-
Exercisable at period-end	-	-	-	-

c) 2019 Awards

The 2019 Awards are subject to the service condition of continuous employment. These options vest and become exercisable on change of control and ownership of the Group.

	15 months ended 31 March 2022 No.	15 months ended 31 March 2022 WAEP	Year ended 31 December 2020 No.	Year ended 31 December 2020 WAEP
2019 Awards				
Outstanding as at 1 January	307,015	-	349,120	-
Granted during the year	17,544	-	-	-
Forfeited during the year	(24,561)	-	(42,105)	-
Exercised	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at period-end	299,998	-	307,015	-
Exercisable at period-end	-	-	-	-

d) 2020 Awards

The 2020 Awards are subject to the service condition of continuous employment. These options vest and become exercisable on change of control and ownership of the Group.

	15 months ended 31 March 2022 No.	15 months ended 31 March 2022 WAEP	Year ended 31 December 2020 No.	Year ended 31 December 2020 WAEP
2020 Awards				
Outstanding as at 1 January	596,000	-	-	-
Granted during the year	32,000	-	668,000	-
Forfeited during the year	-	-	(72,000)	-
Exercised	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at period-end	628,000	-	596,000	-
Exercisable at period-end	-	-	-	-

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

26. Share-based payments *(continued)*

e) 2021 Performance Awards

The 2021 Awards are subject to the service condition of continuous employment. These options vest and become exercisable on change of control and ownership of the Group.

	15 months ended 31 March 2022 No.	15 months ended 31 March 2022 WAEP	Year ended 31 December 2020 No.	Year ended 31 December 2020 WAEP
2021 Performance Awards				
Outstanding as at 1 January	-	-	-	-
Granted during the period	678,993	-	-	-
Forfeited during the period	(15,564)	-	-	-
Exercised	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at period-end	663,429	-	-	-
Exercisable at period-end	-	-	-	-

27. Guarantees and other financial commitments

The Group has a revolving credit facility of £60,000,000 of which £nil was drawn at 31 March 2022 (31 December 2020: £nil). This facility includes access to an overdraft facility of £25,000,000. This facility is available for general corporate purposes including acquisitions or working capital requirements.

The facility is secured by cross-guarantees granted by certain members of the Group. The facility is available until September 2024.

The Group's principal vehicle stock funding facility is secured by a cross-guarantee granted by the Company.

28. Ultimate parent company

The Company's immediate parent undertaking is Marshall Motor Holdings Limited. On 11 May 2022 Marshall Motor Holdings Limited was acquired by a new intermediate parent company, CAG Vega 2 Limited, a company incorporated in England and Wales. The ultimate controlling party became TDR Capital LLP, a Limited Liability Partnership incorporated in England and Wales. Constellation Automotive Holdings Limited is the largest undertaking that consolidates these financial statements. The parent company of the smallest such group is Marshall Motor Holdings Limited.

Copies of the consolidated financial statements for both Marshall Motor Holdings Limited and Constellation Automotive Holdings Limited can be obtained from The Registrar of Companies at Companies House, Crown Way, Cardiff CF14 3UZ.

29. Events after the reporting period

Vesting and exercise of share option awards

In May 2022, the 2019 Awards, 2020 Awards and 2021 Performance Awards vested and were exercised. Similarly to previous years, in order to cover income tax and national insurance contributions, the decision was taken for a portion of the share options being exercised to be settled in cash rather than being equity-settled. The total value of cash-settled transactions in respect of the Company's employees was £3,139,000. In order to satisfy the equity-settled options, as well as all associated dividend equivalents, Marshall Motor Holdings Limited issued 3,095,896 ordinary shares at par value of 64 pence each.

Marshall Motor Group Limited

Notes to the Financial Statements *(continued)*

For the 15 Months ended 31 March 2022

29. Events after the reporting period *(continued)*

Change of control and delisting

On 29 November 2021 the Board of Constellation Automotive Holdings Limited announced the terms of a cash offer pursuant to which its wholly-owned subsidiary CAG Vega 2 Limited would acquire the entire issued, and to be issued, share capital of the Company's immediate parent undertaking (Marshall Motor Holdings Limited), subject to the requisite regulatory approvals being obtained. Marshall of Cambridge (Holdings) Limited provided an irrevocable undertaking to accept the offer in respect of its entire shareholding in the ordinary share capital of Marshall Motor Holdings, representing approximately 64.4% of the issued ordinary share capital. Following the granting of the requisite regulatory approvals on 11 May 2022, the change of control took effect.

Subsequent to the change of control, on 15 June 2022 the admission to trading of the shares of Marshall Motor Holdings on the Alternative Investment Market of the London Stock Exchange was cancelled. Consequently, Marshall Motor Holdings was re-registered as a private limited company.