Marshall Motor Group Limited

Report and financial statements

For the year ended 31 March 2023

Company number 00295579

Marshall Motor Group Limited
Report and financial statements
For the year ended 31 March 2023

Contents

Marshall Motor Group Limited
Officers and Professional Advisers
For the year ended 31 March 2023

Directors
M C Hemus
A Wallington
J H Crowther
S M Allen
J L Head
J A Mullins

Company secretary
M R Letza

Registered office
C/O Marshall Volkswagen Milton Keynes
Greyfriars Court
Milton Keynes
Buckinghamshire
MK10 0BN

Independent auditors
PricewaterhouseCoopers LLP
40 Clarendon Road
Watford
WD17 1JJ

Principal banker
Barclays Bank Limited
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CB2 3AA

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

Marshall Motor Group Limited
Strategic report
For the year ended 31 March 2023

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 year ended 31 March 2023 ; the comparative period remains that of the 15 months ended 31 March 2022.

The Company's financial performance is assessed primarily by reference to turnover and gross margin as disclosed in the Income Statement. Turnover declined to £1,414,841,000 (15 months ended 31 March 2022: £1,558,552,000) along with a decrease in gross profit to £142,140,000 (15 months ended 31 March 2022: £173,582,000).

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 27. 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 report was approved by the Board of Directors on 29 September 2023 and signed on its behalf.

Mark Hemus

M C Hemus
Director

Marshall Motor Group Limited
Directors' report
For the year ended 31 March 2023

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M C Hemus (appointed on 30 January 2023)
A Wallington (appointed on 1 June 2022)
J H Crowther
J L Head
S M Allen (appointed on 9 March 2023)
J A Mullins (appointed 30 March 2023)
T G Lampert (appointed on 1 July 2022 and resigned on 31 March 2023)
J M Moxon (resigned on 30 June 2023)
D Gupta (resigned on 25 May 2022)
R J Blumberger (resigned on 31 December 2022)

Results and dividends

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

The profit for the year, after tax, amounted to £11,024,000 (15 months ended 31 March 2022: £28,120,000). Dividends were paid during the year to the value of £20,000,000 (15 months ended 31 March 2022: £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 PricewaterhouseCoopers LLP as the auditors will be proposed at the Annual General Meeting.

Charitable donations

During the year, the Company made charitable donations of £56,000 (15 months ended 31 March 2022: £5,000).

Events since the balance sheet date

There are no events to report.

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.

Employee involvement

During the year the Company has continued to provide employees with information about the Company and Group as a whole through the newsletters 'Marshall Matters' and 'Compliance Matters', team briefings and through the Group wide email distribution. 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 year from 1 April 2022 to 31 March 2023 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.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Marshall Motor Group Limited
Directors' report (continued)
For the year ended 31 March 2023

Directors' responsibilities statement (continued)

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' insurance and indemnities

The Directors have the benefit of the indemnity provisions contained in the Company's Articles and the Company has maintained, throughout the Year, Directors' and Officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Approval

This Directors' Report was approved by order of the Board on 29 September 2023.

Mark Hemus

M C Hemus
Director

Marshall Motor Group Limited
Independent auditors' report to the members of Marshall Motor Group Limited
Report on the audit of the financial statements

Opinion

In our opinion, Marshall Motor Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the Balance Sheet and the Statement of Changes in Equity as at 31 March 2023; Income Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 an auditors' 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.

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 Companies Act 2006 and UK Corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 increase revenue and journal entries that inappropriately credit cash, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of legal costs;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations for example credit to revenue with a debit entry to an unexpected account, or journals which credit cash without going through the standard purchases and payables process;
- Testing management's assumptions made in their significant accounting estimates, to ensure these are not indicative of management bias;
- Evaluation of management's controls designed to prevent and detect irregularities; and
- Performed procedures to ensure the financial statements are appropriately prepared and disclosed in line with the Companies Act 2006.

Marshall Motor Group Limited
Independent auditors' report to the members of Marshall Motor Group Limited
Report on the audit of the financial statements *(continued)*

Auditors' responsibilities for the audit of the financial statements *(continued)*
There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew P Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
29 September 2023

Marshall Motor Group Limited
Income Statement
For the year ended 31 March 2023

	Note	Year ended 31 March 2023 £000	15 months ended 31 March 2022 £000
Turnover	4	1,414,841	1,558,552
Cost of sales		(1,272,701)	(1,384,970)
Gross profit		**142,140**	**173,582**
Administrative expenses		(124,720)	(137,461)
Other operating income		-	-
Operating profit	5	**17,420**	**36,121**
Interest payable and similar charges	8	(3,815)	(1,904)
Profit on ordinary activities before income tax		**13,605**	**34,217**
Tax on profit on ordinary activities	9	(2,581)	(6,097)
Profit for the year		**11,024**	**28,120**

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 page 12-29 form part of these financial statements.

Marshall Motor Group Limited
Balance Sheet
As at 31 March 2023

	Note	As at 31 March 2023 £000	As at 31 March 2022 £000
Fixed assets			
Intangible assets	10	8,077	7,404
Tangible assets	11	9,452	9,675
		17,529	17,079
Non - Current assets			
Debtors: *amounts falling due after more than one year*	14	655	1,100
		18,184	18,179
Current assets			
Stock	12	194,334	158,863
Cash and cash equivalents		14,216	4
Debtors: amounts falling due within one year	13	356,996	349,739
		565,546	508,606
Creditors: amounts falling due within one year	16	(484,496)	(421,709)
Net current assets		81,050	86,897
Total assets less current liabilities		99,234	105,076
Creditors: amounts falling due after more than one year	17	(8,878)	(6,172)
Provisions for liabilities	18	(3,175)	(2,747)
Net assets		**87,181**	**96,157**
Equity			
Share capital	21	2,250	2,250
Retained earnings		84,931	90,989
Share-Based Payments Reserve		-	2,918
Total shareholder's funds		**87,181**	**96,157**

The notes on pages 12 to 29 form part of these financial statements.

The financial statements on pages 9 to 29 were authorised for issue by the Board of Directors on 29 September 2023 and were signed on its behalf.

Mark Hemus

M C Hemus
Director

Company registration number: 00295579

Marshall Motor Group Limited
Statement of Changes in Equity
For the year ended 31 March 2023

	Note	Share capital £000	Share-Based payments reserve £000	Retained earnings £000	Total £000
Balance as at 1 January 2021		**2,250**	**713**	**62,710**	**65,673**
Profit for the 15 months		-	-	28,120	28,120
Total comprehensive income for the 15 months		-	-	28,120	28,120
Exercise of share options		-	(382)	159	(223)
Share-based payments charge	24	-	2,587	-	2,587
Balance as at 31 March 2022		**2,250**	**2,918**	**90,989**	**96,157**
Profit for the year		-		11,024	11,024
Total comprehensive income for the year		-	-	**11,024**	**11,024**
Dividends Paid	22	-	-	(20,000)	(20,000)
Exercise of share options	24	-	(2,918)	2,918	-
Share-based payments charge	24	-	-	-	-
Balance as at 31 March 2023		**2,250**	-	**84,931**	**87,181**

The notes on pages 12 to 29 form part of these financial statements.

Marshall Motor Group Limited
Notes to the financial statements
For the year ended 31 March 2023

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 C/O Marshall Volkswagen Milton Keynes, Greyfriars Court, Milton Keynes, Buckinghamshire, MK10 0BN. 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 29 September 2023.

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.

Consolidation

In accordance with section 400 of the Companies act 2006 consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Marshall Motor Holdings Limited, the intermediate parent company of the Group, which is registered in England and Wales for which consolidated financial statements are publicly available. These financial statements therefore present information about the Company alone and not about its group.

Reporting period

On 11 May 2022 the entire share capital of the Company 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 the end of the reporting period from 31 December to 31 March. Amounts presented for the 2022 reporting period are for a 15 month 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. 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.

The Company reported a profit for the year ended 31 March 2023 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 2023 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 £180.7 million was utilised by the Company and a total of £461.0 million was utilised by the Group at 31 March 2023. These Group treasury arrangements facilitate the Company being able to meet its liabilities as they fall due.

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.

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:

Plant, machinery, equipment and motor vehicles	2 - 25 years
Leasehold improvements	shorter of the lease term or 10 years
Fixtures, fittings and office equipment	5 years

Assets under construction are not depreciated until they come into use in completion of the physical construction.

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:

a) 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
b) The intangible asset arises from contractual or legal rights; or
c) The intangible asset is separable.

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

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.

2 Accounting policies (continued)

Intangible assets (continued)

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.

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.

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.

Stock is reviewed for impairment and a provision recorded where net realisable value has fallen below cost.

2 Accounting policies (continued)

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.

Financial liabilities

Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Provisions

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, that can be measured reliably and it is probable that an outflow of economic benefits will be required to settle 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 passage of time is recognised in finance costs.

Share capital

Ordinary and deferred shares are classified as equity.

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.

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.

2 Accounting policies (continued)

Operating lease income

Operating lease income is accounted for on a straight-line basis with any rental income increases recognised during the period to which they relate. Rental income is recognised as administrative income in the income statement.

Taxation

Current tax is recognised against 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 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.

Employee benefits

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.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Dividend distribution

Dividend distributions to the Company's shareholder are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholder.

Share-based payments

Prior to the sale to CAG Vega 2 Limited, Marshall Motor Holdings Limited ("the Group") operated a number of equity-settled, share-based compensation plans through which the Company allowed employees to receive shares in the parent company, Marshall Motor Holdings Limited.

2 Accounting policies (continued)

Share-based payments (continued)

Equity-settled share-based payments were 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 was recognised as an employee expense within underlying earnings, with a corresponding increase in equity.

The share based payment charge was 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 was 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 was based on the estimate of the number of options that are expected to vest. At each balance sheet date, the Company revised its estimates of the number of options that were expected to vest based on the non-market performance vesting conditions and service conditions. The Group's remuneration policy gave 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 was 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 were considered to be an integral part of the grant and were, therefore, treated as cash-settled transactions. For cash settled share-based payments, the Company recognised a liability for the services acquired, measured initially at the fair value of the liability. This liability was 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 were exercised, Marshall Motor Holdings Limited issued new shares. These shares were gifted to the Employee Benefit Trust at nominal value. When options issued by the Employee Benefit Trust were exercised the share-based payment reserve was reduced by the transfer to profit and loss reserves of the fair value of options exercised.

Where shares options were forfeited or lapsed, 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 was reversed though the Income Statement with a corresponding adjustment through the Statement of Changes in Equity.

3 Critical accounting judgements and estimates

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.

3 Critical accounting judgements and estimates (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 2023 represents 4.2% of the gross inventory balance (31 March 2022: 4.3%), this decrease is due to the unusual market conditions during the year 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.

	Year ended 31 March 2023	15 months ended 31 March 2022
	£000	£000
Sale of goods	1,351,865	1,501,388
Rendering of services	62,976	57,164
	1,414,841	1,558,552

5 Operating profit

Operating profit is stated after charging:	Year ended 31 March 2023	15 months ended 31 March 2022
	£000	£000
Depreciation of property, plant and equipment	3,527	5,073
Amortisation of intangible assets	1,327	1,739
Loss on disposal of tangible fixed assets	907	162
Operating lease costs- land and buildings	10,283	12,314
Operating lease costs - vehicles and equipment	-	501
Services provided by the Company's auditors		
- Fees payable for the audit	252	196

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 £63,000 (15 month period year ended 31 March 2022: £40,000)

Marshall Motor Group Limited
Notes to the financial statements (continued)
For the year ended 31 March 2023

6 Staff costs

Staff costs during the period were as follows:

	Year ended 31 March 2023 £000	15 months ended 31 March 2022 £000
Wages and salaries	76,209	84,284
Social security costs	9,089	8,508
Other pension costs	1,618	1,841
Share-based payments	2,918	3,484
	89,834	98,117

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

	Year ended 31 March 2023 Number	15 months ended 31 March 2022 Number
By activity		
Administrative and management	574	405
Sales and after sales	1,362	1,326
	1,936	1,731

7 Directors' remuneration

The Directors' emoluments were as follows:

	Year ended 31 March 2023 £000	15 months ended 31 March 2022 £000
Wages and salaries	1,509	1,105
Post-employment benefits	16	53
Share-based payments	1,059	161
	2,584	**1,319**

During the year, 3 Directors (15 months ended 31 March 2022: 3) participated in defined contribution pension schemes and Director's emoluments for the year 3 (15 months ended 31 March 2022) were paid by Marshall Motor Holdings Limited. During both the current and prior periods no Directors were granted options under the Company's Performance Share Plan. During the year, five of the Directors (15 months ended 31 March 2022: one) exercised share options granted in previous periods £1,059,000 (15 months ended 31 March 2022: £161,000)

Highest paid Director

The highest paid Director's emoluments were as follows:

	Year ended 31 March 2023 £000	15 months ended 31 March 2022 £000
Wages and salaries	364	392
Post-employment benefits	16	21
Share-based payments	303	92
	683	**505**

The highest paid Director accrued retirement benefits under defined contribution schemes in both the current and previous 15 months.

The emoluments of one (15 months ended 31 March 2022: one) Director was paid by Constellation Automotive Limited, which makes no recharge to the Company. This Director is a director of a number of fellow subsidiaries in the TDR Capital LLP Group and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

8 Interest payable and similar charges

	Year ended 31 March 2023 £000	15 months ended 31 March 2022 £000
Bank interest	635	1,611
Stock financing interest	3,180	293
	3,815	**1,904**

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 Group Company.

9 Tax

a) Tax on profit on ordinary activities
Tax charge included in the income statement

	Year ended 31 March 2023 £000	15 months ended 31 March 2022 £000
Current tax:		
Current tax on profits for the period	2,151	6,143
Adjustments in respect of previous periods	(16)	(11)
Total current tax	**2,135**	**6,132**
Deferred tax:		
Origination and reversal of temporary differences	620	490
Adjustments in respect of previous periods	(62)	(319)
Effect of change in tax rates	(112)	(206)
Total deferred tax	**446**	**(35)**
Taxation on profit on ordinary activities	**2,581**	**6,097**

b) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the period is lower (15 months ended 31 March 2022: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below

Income tax reconciliation	Year ended 31 March 2023 £000	15 months ended 31 March 2022 £000
Profit on ordinary activities before income tax	13,605	34,217
Profit multiplied by the standard rate of tax in the UK of 19.0% (15 months ended 31 March 2022: 19.0%)	2,585	6,501
Effects of:		
Expenses not deductible for tax purposes	80	132
Fixed asset differences	(43)	-
Tax rate change	36	(206)
Adjustments in respect of previous periods	(77)	(330)
Deferred tax movement not recognised	-	-
Total tax charge for the year	**2,581**	**6,097**

9 Tax (continued)

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 15 'Deferred Tax'

10 Intangible fixed assets

	Goodwill £000	Software £000	Franchise Agreements £000	Total £000
Cost				
As at 1 April 2022	8,691	2,368	5,386	16,445
Additions	2,006	-	-	2,006
As at 31 March 2023	**10,697**	**2,368**	**5,386**	**18,451**
Accumulated amortisation				
As at 1 April 2022	5,613	2,031	1,397	9,041
Charge for the year	661	169	503	1,333
Disposals	-	-	-	-
As at 31 March 2023	**6,274**	**2,200**	**1,900**	**10,374**
Net book value				
As at 31 March 2023	**4,423**	**168**	**3,486**	**8,077**
As at 31 March 2022	3,078	337	3,989	7,404

a) Acquisitions current year

On 9 January 2023, Marshall Motor Group Limited acquired the trade and assets of a Jaguar Land Rover dealership in Leicester. This acquisition, by extending representation with existing brands in strategically important territories, is part of the Group's stated strategy to grow further scale with existing brand partners in new geographic territories. The estimated identifiable assets and liabilities at the date of acquisition are stated at their provisional fair values are set out below. The goodwill arising on these 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 if net assets acquired £000
Property, plant & equipment *(per completion statement)*	78	-	78
Stock	3,594	-	3,594
Creditors	(70)	-	(70)
Provisions	(429)	-	(429)
Net assets acquired	**3,173**	-	**3,173**
Goodwill	2,006	-	2,006
Total Cost (cash consideration and acquisition costs)	**5,179**	-	**5,179**

10 Intangible fixed assets (continued)

The results of this dealership have been consolidated into the Company results from the relevant date of acquisition. For the period from acquisition to 31 March 2023, the revenue and the profit before tax generated by this dealership was 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 acquisitions occurred (1 April 2022), on a pro forma basis, the change in revenue and profit before tax of the Company for the year ended 31 March 2023 would have been immaterial in the context of the Company.

b) Acquisitions prior period

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 these acquisitions is attributed to the expected synergies and benefits associated with the increased brand representation.

	Net Book Value	Fair Value Adjustments	Fair Value if net assets acquired
	£000	£000	£000
Property, plant & equipment	331	(231)	100
Stock	2,576	-	2,576
Debtors	26	-	26
Creditors	(275)	-	(275)
Provisions	-	(125)	(125)
Net assets acquired	**2,658**	**(356)**	**2,302**
Goodwill	719		719
Total Cost (cash consideration and acquisition costs)	**3,377**	**(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.

11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Total
	£000	£000	£000
Cost			
As at 1 April 2022	5,921	28,153	34,074
Additions	659	3,648	4,307
Disposals	(1,491)	(634)	(2,125)
As at 31 March 2023	**5,089**	**31,167**	**36,256**
Accumulated depreciation			
As at 1 April 2022	2,939	21,460	24,399
Charge for the year	662	2,865	3,527
Disposals	(609)	(513)	(1,122)
As at 31 March 2023	**2,992**	**23,812**	**26,804**
Net book value			
As at 31 March 2023	**2,097**	**7,355**	**9,452**
As at 31 March 2022	2,982	6,693	9,675

11 Tangible fixed assets (continued)

As at 31 March 2023, the Company had capital commitments totalling £13,427,000 (31 March 2022: £507,000) relating to ongoing construction projects.

12 Stock

	31 March 2023	31 March 2022
	£000	£000
Stock held for resale	194,334	158,863

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

At 31 March 2023 and 31 March 2022 all new, and the majority of used, vehicles are held under vehicle financing arrangements (see Note 16).

Included in stock held for resale include Parts stock to the value of £543,000 (31 March 2022: £295,000). Inventory is stated after provision of £8,493,000 (31 March 2022: £7,162,000).

13 Debtors: amounts falling due within one year

	31 March 2023	31 March 2022
	£000	£000
Trade debtors	40,255	23,470
Amounts owed by Group undertakings	291,699	302,934
Other debtors	19,879	15,597
Prepayments and accrued income	5,163	7,682
Corporation tax	-	56
	356,996	**349,739**

Trade receivables are stated after provision for impairment of £295,000 (31 March 2022: £681,000).

Amounts owed by Group undertakings are unsecured, repayable on demand and do not bear interest.

14 Debtors: amounts falling due after more than one year

	31 March 2023	31 March 2022
	£000	£000
Deferred tax asset (note 15)	**655**	**1,100**

15 Deferred tax

The movement in deferred tax asset during the period was:

	31 March 2023	31 March 2022
	£000	£000
At 1 April 2022 and 1 January 2021	1,100	1,065
Changes in provision	(445)	35
At 31 March 2023 and 31 March 2022	**655**	**1,100**

15 Deferred tax (continued)

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

	31 March 2023	31 March 2022
	£000	£000
Decelerated capital allowances	427	656
Other short term timing differences	228	444
Total deferred tax	**655**	**1,100**

Following the introduction with effect from 1 April 2023 of full expensing for tax purposes of expenditure on qualifying plant and machinery, a net reversal of existing deferred tax assets is expected to arise and so reducing the corporation tax charge for the year. 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.

16 Creditors: amounts falling due within one year

	31 March 2023	31 March 2022
	£000	£000
Bank overdraft	-	4,209
Trade creditors		
- vehicle financing arrangements	186,748	157,043
- other trade creditors	60,789	43,436
Amounts owed to Group undertakings	203,781	182,525
Taxation and social security	5,056	2,973
Other creditors	9,012	544
Accruals and deferred income	19,110	30,979
	484,496	**421,709**

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.

17 Creditors: amounts falling due more than one year

	31 March 2023	31 March 2022
	£000	£000
Deferred Income	**8,878**	**6,172**

18 Provisions for liabilities

	Closed Sites	Dilapidations	Vacant Property	Other	Total
	£000	£000	£000	£000	£000
As at 1 April 2022	110	942	81	1,614	2,747
Amount provided in the period	125	39	-	476	640
Amount released in the period	(101)	(42)	(81)	10	(214)
Amount utilised in the period	(41)	(34)	-	77	2
As at 31 March 2023	**93**	**905**	**-**	**2,177**	**3,175**

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 £1,766,000 (15 months ended 31 March 2022: £1,289,000) 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.

19 Pension

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 year for the Company in respect of defined contribution schemes was £1,618,000 at 31 March 2023 (15 months ended 31 March 2022: £1,841,000). The total unpaid pension contributions outstanding at the year-end were £237,000 (15 months ended 31 March 2022: £277,000)

20 Operating lease commitments – Company as lessee

	31 March 2023		31 March 2022	
	Property	Vehicles and equipment	Property	Vehicles and equipment
	£000	£000	£000	£000
Within one year	10,598	77	9,737	168
Between one and 5 years	14,415	16	18,603	44
After 5 years	4,306	-	10,886	-
	29,319	**93**	**39,226**	**212**

21 Share Capital

	31 March 2023	31 March 2022
	£000	£000
Authorised, allotted and fully paid		
2,250,000 Ordinary shares of £1 each as at 31 March 2022 and 31 March 2023	**2,250**	**2,250**

The ordinary shares carry all dividend and voting rights. In the event of the Company being wound up, the surplus assets remaining after all liabilities are settled are used to repay deferred ordinary shareholders. Any remaining assets are distributed to ordinary shareholders.

22 Dividends

During the year an interim dividend of £20,000,000 (15 months ended 31 March 2022: £nil) was proposed and paid. No final dividend is proposed (15 months ended 31 March 2022: £nil).

23 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.

24 Share-based payments

The Group operated 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. All options were exercised in the year. Each option grant under the scheme is disclosed separately below.

The total share-based payment charge recognised during the year ended 31 March 2023 was £nil (15 months ended 31 March 2022: £2,587,000). This is split as £nil in accruals (15 months ended 31 March 2022: £1,709,000) and £nil (15 months ended 31 March 2022: £2,587,000) 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. There is no remaining weighted average contractual life of options outstanding as at 31 March 2023 is (31 March 2022: 7.9 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 2023 is £nil (15 months ended 31 March 2022: £1.85). The fair value of options granted during the period was £nil (15 months ended 31 March 2022: £2.57). The fair value of equity settled share options granted was based on market value on 8 September 2021 when the share options were granted.

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.

In May 2022, the 2019 Awards, 2020 Awards and 2021 Performance Awards vested and became exercisable. On 11 May 2022, all option holders exercised these options. As such, 3,095,896 ordinary shares were issued to satisfy the exercise of these options.

24 Share-based payments (continued)

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.

	Year ended 31 March 2023		**15 months ended 31 March 2022**	
	No.	**WAEP**	**No.**	**WAEP**
2017 Performance awards				
Outstanding as at 1 April 2022 and 1 January 2021	-	-	238,618	-
Granted during the year				
Forfeited during the year	-	-	(115,111)	-
Exercised during the year			(123,507)	
Expired during the year	-	-	-	-
Outstanding at period-end	-	-	-	
Exercisable at period-end	-	-	-	-

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.

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.	**WAEP**	**No.**	**WAEP**
2018 Performance awards				
Outstanding as at 1 April 2022 and 1 January 2021	-	-	280,426	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(157,954)	-
Exercised during the year	-	-	(122,472)	-
Expired during the year	-	-	-	-
As at 31 March 2023 and 31 March 2022	-	-	-	
Exercisable at 31 March 2023 and 31 March 2022	-	-	-	-

24 Share-based payments (continued)

c) 2019 Performance 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.

	Year ended 31 March 2023		15 months ended 31 March 2022	
	No.	WAEP	No.	WAEP
2019 Performance awards				
Outstanding as at 1 April 2022 and 1 January 2021	299,998	-	307,015	-
Granted during the year	-	-	17,544	-
Forfeited during the year	-	-	(24,561)	-
Exercised during the year	(299,998)	-	-	-
Expired during the year	-	-	-	-
As at 31 March 2023 and 31 March 2022	**-**	**-**	**299,998**	**-**
Exercisable at 31 March 2023 and 31 March 2022	**-**	**-**	**-**	**-**

d) 2020 Performance 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.

	Year ended 31 March 2023		15 months ended 31 March 2022	
	No.	WAEP	No.	WAEP
2020 Performance awards				
Outstanding as at 1 April 2022 and 1 January 2021	628,000	-	596,000	-
Granted during the year	-	-	32,000	-
Forfeited during the year	-	-	-	-
Exercised during the year	(628,000)	-	-	-
Expired during the year	-	-	-	-
As at 31 March 2023 and 31 March 2022	**-**	**-**	**628,000**	
Exercisable at 31 March 2023 and 31 March 2022	**-**	**-**	**-**	**-**

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.

	Year ended 31 March 2023		15 months ended 31 March 2022	
	No.	WAEP	No.	WAEP
2021 Performance awards				
Outstanding as at 1 April 2022 and 1 January 2021	663,429	-	-	-
Granted during the year	-	-	678,993	-
Forfeited during the year	-	-	(15,564)	-
Exercised during the year	(663,429)	-	-	-
Expired during the year	-	-	-	-
As at 31 March 2023 and 31 March 2022	**-**	**-**	**663,429**	
Exercisable at 31 March 2023 and 31 March 2022	**-**	**-**	**-**	**-**

25 Guarantees and other financial commitments

The Group has a revolving credit facility of £60,000,000 of which £nil was drawn at 31 March 2023 (31 March 2022: £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.

26 Related party transactions

The Company has taken advantage of the exemptions conferred by FRS 102 in paragraph 33.1A to IAS 24, including the requirements to disclose related party transactions entered between two or more, wholly owned, members of a group.

Sales of goods to subsidiaries of Constellation Automotive Group SARL, which do not consolidate into Constellation Automotive Holdings Limited for the year were £28,437,000 (15 months ended 31 March 2022: £nil) and the amount due at year end £1,652,000 (15 months ended 31 March 2022: £nil). No purchases of goods and services were made during the year and prior period.

Outstanding balances with Group entities are unsecured, interest free and are expected to be settled in cash. During the year ended 31 March 2023, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (15 months ended 31 March 2022: £nil).

During prior periods the Directors were members of an employee car ownership scheme under which the following transactions were entered into – this scheme was wound down during the prior period. The Directors purchased three cars during the 15 months ended 31 March 2022 for an aggregate price of £281,000 and sold back five cars at a combined price of £464,000. The Directors did not make any material profits on these transactions.

27 Ultimate controlling party

The Company is a wholly owned subsidiary of 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.