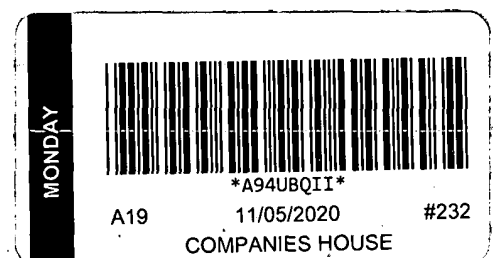


REGISTERED NUMBER: 00469608 (England and Wales)

REGISTRARS COPY

**STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019
FOR
CARWOOD MOTOR UNITS LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 August 2019**

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CARWOOD MOTOR UNITS LIMITED

COMPANY INFORMATION
for the year ended 31 August 2019

DIRECTORS:

G.R. Carter
K.P. Mulholland
D.N. Hopkins
N.W. Pond
A.C. Baird
S.J. Quantrell

SECRETARY:

N.W. Pond

REGISTERED OFFICE:

23 Herald Way
Binley Industrial Estate
Coventry
Warwickshire
CV3 2RQ

REGISTERED NUMBER:

00469608 (England and Wales)

AUDITORS:

Dafferns LLP
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

**STRATEGIC REPORT
for the year ended 31 August 2019**

The directors present their strategic report for the year ended 31 August 2019.

REVIEW OF BUSINESS

The Company operated from its main production units in Coventry and Birmingham, supported by its other production units in Ollerton, Yeovil and Telford. The Company continues to invest in both physical assets and its employees. Considerable time is spent in identifying cost reduction activities and efficiencies to benefit both the Company and its customers.

All sites occupied by the Company are maintained to a high standard, the production unit at Birmingham maintains its ISO14644-1 class 7 clean room standard. Quality remains a key element of the Company's processes. The Company maintains its ISO accreditation, both 9001.2015 and 14001.2015. In addition, the Company is working towards IATF16949.

Customer demand has remained mixed. Cash balances have continued to improve from £11,662,488 to £15,615,905.

The Company continues to look for further potential acquisitions which could provide suitable "value for money" business opportunities providing a natural fit with our existing business interests. During the year the Company bought the assets and trade of Brise Ltd., a motor sport company specialising in starter motors and alternators. This business has been transferred to the Yeovil operation and is complimentary to the existing rewind business at that site.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company and the factors mitigating against these risks are as follows:

RISK

MITIGATING FACTOR

Trade receivables

The Company insures its customer base as a matter of policy. This enables Carwood to be notified of any change in customer payment habits and protects the Company in event of a customer failure. Customers are proactively contacted for payment. Statements are sent to all customers each month.

Cost price fluctuations

Despite some suppliers using Brexit as an opportunity, supplier prices are monitored and material increases challenged.

Supplier failure

The Company undertakes financial health checks on new suppliers where payment in advance is required. In addition, Carwood has a wide supplier base and holds stocks of key components to mitigate against delays in supply.

Financial liquidity & interest rates

Carwood continues to avoid borrowings. The existing reserves are well placed to take advantage of acquisition opportunities which arise.

STRATEGIC REPORT
for the year ended 31 August 2019

PRINCIPAL RISK AND UNCERTAINTIES - continued

Properties

Carwood continues its policy of leasing the main sites it occupies on 10 year terms. Carwood invests heavily in maintaining the buildings it occupies ensuring all sites are kept clean, tidy, up to date with legislation and efficiently laid out for its processes.

People

Carwood has over 250 staff at 5 main locations. In order to keep key personnel Carwood has a detailed Employee Handbook, documented procedures and conducts regular appraisals. Carwood is proud to have many employees on apprenticeship schemes.

IT Systems

The Company has an integrated management system supported by its own employees and the system provider. Carwood has a company policy of not storing information outside its own servers kept on site. Back ups are maintained across the Company's locations.

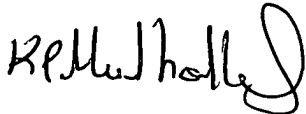
FUTURE DEVELOPMENTS AND RESEARCH & DEVELOPMENT

The Company continues to invest in its facilities and capabilities across all sites. In addition, a considerable amount of time is allocated to Research and Development projects concerning remanufacture and technical services.

KEY PERFORMANCE INDICATORS

Cash balance and cash generation remain the key performance indicators for the business. ROCE including all assets has improved from 21.9% to 23.5%.

ON BEHALF OF THE BOARD:



K.P. Mulholland - Director

4 February 2020

**REPORT OF THE DIRECTORS
for the year ended 31 August 2019**

The directors present their report with the financial statements of the company for the year ended 31 August 2019.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the provision of automotive technical service and remanufacturing facilities covering fuelling, turbo chargers, auto-electrical, air conditioning and heating systems and plant repairs/major overhauls, complemented by the distribution of specialised components for commercial vehicles, buses, military vehicles, heavy plant and light vehicles.

DIVIDENDS

The total distribution of dividends for the year ended 31 August 2019 will be £106,110 (2018: £107,900).

FUTURE DEVELOPMENTS

Future developments have been detailed in the strategic report in accordance with s414C(11) CA 2006.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2018 to the date of this report.

G.R. Carter
K.P. Mulholland
D.N. Hopkins
N.W. Pond
A.C. Baird

Other changes in directors holding office are as follows:

S.J. Quantrell was appointed as a director after 31 August 2019 but prior to the date of this report.

DIRECTORS INDEMNITY INSURANCE

During the year the company provided indemnity insurance for its directors.

EMPLOYEES

Details of the number of employees and related costs can be found in Note 4 to the financial statements.

The Company has clear written guidelines for recruitment and selection contained within its procedure manuals to keep compliance with ISO standards and the Equality Act 2010. The Company is an equal opportunities employer and is committed to providing equality of opportunity in employment to all persons.

- The Company will not discriminate on the basis of gender, race, age, disability, marriage and civil partnership, sexuality or faith;
- All employees will be considered solely on their merits for career development and promotion with equal opportunities for all;
- The Company will endeavour to educate our staff in order that they understand the context of and the specific issues influencing equality and diversity;
- All employees of the Company are required to comply with the company's equality aims and to treat colleagues with dignity and respect;
- We support and adhere to family-friendly and flexible working policies.

The Company participates in policies and practices to keep employees informed on matters relevant to them. The Company has regular structured management meetings down to supervisor level. Employees participate in annual performance reviews and are required to confirm their receipt of the Company handbook.

**REPORT OF THE DIRECTORS
for the year ended 31 August 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

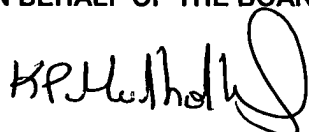
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



K.P. Mulholland - Director

4 February 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CARWOOD MOTOR UNITS LIMITED

Opinion

We have audited the financial statements of Carwood Motor Units Limited (the 'company') for the year ended 31 August 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CARWOOD MOTOR UNITS LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Geoffrey Cox BA FCA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

4 February 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 August 2019

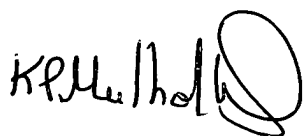
	Notes	2019 £	2018 £
TURNOVER	3	41,610,721	35,034,193
Changes in stocks of finished goods and work in progress		1,067,030	232,132
		42,677,751	35,266,325
Raw materials and consumables		25,588,003	20,389,775
		17,089,748	14,876,550
Staff costs	4	8,085,810	7,524,444
Depreciation		396,912	336,484
Other operating expenses		3,083,214	2,905,844
		11,565,936	10,766,772
OPERATING PROFIT	5	5,523,812	4,109,778
Interest receivable and similar income		262,658	179,434
		5,786,470	4,289,212
Interest payable and similar expenses	6	-	162
PROFIT BEFORE TAXATION		5,786,470	4,289,050
Tax on profit	7	996,072	748,846
PROFIT FOR THE FINANCIAL YEAR		4,790,398	3,540,204
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,790,398	3,540,204

The notes form part of these financial statements

BALANCE SHEET
31 August 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	9	200,540	8,100
Tangible assets	10	1,026,633	1,019,359
Investments	11	213	212
		<u>1,227,386</u>	<u>1,027,671</u>
CURRENT ASSETS			
Stocks	12	3,924,080	2,857,049
Debtors	13	5,790,856	5,518,227
Investments	14	4,381,028	4,165,613
Cash at bank		15,615,905	11,662,488
		<u>29,711,869</u>	<u>24,203,377</u>
CREDITORS			
Amounts falling due within one year	15	<u>7,451,159</u>	<u>6,449,240</u>
NET CURRENT ASSETS		<u>22,260,710</u>	<u>17,754,137</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,488,096</u>	<u>18,781,808</u>
PROVISIONS FOR LIABILITIES	17	<u>79,000</u>	<u>57,000</u>
NET ASSETS		<u><u>23,409,096</u></u>	<u><u>18,724,808</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	810	810
Share premium	19	58,440	58,440
Capital redemption reserve	19	250	250
Retained earnings	19	<u>23,349,596</u>	<u>18,665,308</u>
SHAREHOLDERS' FUNDS		<u><u>23,409,096</u></u>	<u><u>18,724,808</u></u>

The financial statements were approved by the Board of Directors on 4 February 2020 and were signed on its behalf by: _____



K.P. Mulholland - Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 August 2019

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 September 2017	810	15,233,004	58,440	250	15,292,504
Changes in equity					
Dividends	-	(107,900)	-	-	(107,900)
Total comprehensive income	-	3,540,204	-	-	3,540,204
Balance at 31 August 2018	<u>810</u>	<u>18,665,308</u>	<u>58,440</u>	<u>250</u>	<u>18,724,808</u>
Changes in equity					
Dividends	-	(106,110)	-	-	(106,110)
Total comprehensive income	-	4,790,398	-	-	4,790,398
Balance at 31 August 2019	<u>810</u>	<u>23,349,596</u>	<u>58,440</u>	<u>250</u>	<u>23,409,096</u>

The notes form part of these financial statements

CASH FLOW STATEMENT
for the year ended 31 August 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	5,189,845	4,228,332
Interest paid		-	(162)
Tax paid		(762,934)	(803,627)
Net cash from operating activities		<u>4,426,911</u>	<u>3,424,543</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(50,000)	-
Purchase of tangible fixed assets		(395,108)	(252,037)
Purchase of fixed asset investments		(1)	(1)
Sale of tangible fixed assets		30,482	11,001
Purchase of current asset investments		-	(1,990,000)
Interest received		47,243	18,118
Net cash from investing activities		<u>(367,384)</u>	<u>(2,212,919)</u>
Cash flows from financing activities			
Equity dividends paid		(106,110)	(107,900)
Net cash from financing activities		<u>(106,110)</u>	<u>(107,900)</u>
Increase in cash and cash equivalents		<u>3,953,417</u>	<u>1,103,724</u>
Cash and cash equivalents at beginning of year	2	11,662,488	10,558,764
Cash and cash equivalents at end of year	2	<u><u>15,615,905</u></u>	<u><u>11,662,488</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 August 2019**

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

	2019	2018
	£	£
Profit before taxation	5,786,470	4,289,050
Depreciation charges	402,498	339,403
Profit on disposal of fixed assets	(5,586)	(2,919)
Finance costs	-	162
Finance income	(262,658)	(179,434)
	<u>5,920,724</u>	<u>4,446,262</u>
Increase in stocks	(1,067,031)	(232,131)
(Increase)/decrease in trade and other debtors	(272,629)	763,257
Increase/(decrease) in trade and other creditors	<u>608,781</u>	<u>(749,056)</u>
Cash generated from operations	<u><u>5,189,845</u></u>	<u><u>4,228,332</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 August 2019

	31.8.19	1.9.18
	£	£
Cash and cash equivalents	<u>15,615,905</u>	<u>11,662,488</u>

Year ended 31 August 2018

	31.8.18	1.9.17
	£	£
Cash and cash equivalents	<u>11,662,488</u>	<u>10,558,764</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2019**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Carwood Motor Units Limited as an individual company and do not contain consolidated information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Carwood Holdings Limited, a company registered in England & Wales.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Core surcharge credit note provision is made by estimating the proportion of surcharged product expected to be returned by customers as borne out by experience. The provision at the year end was £820,000 (2018: £756,399).

Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, typically on dispatch of the goods.

Revenue from the rendering of services is recognised in the period in which the services are provided in accordance with the stage of the service agreement.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life of three years.

Intangible assets

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

Patents and licences are amortised on a straight line basis to the statement of comprehensive income over an estimated useful life of 10 years.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are recognised at cost and subsequently measured under the historical cost model being cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any direct expenditure incurred to bring the asset to its current location and condition necessary for the asset to work as intended by management.

Repairs and maintenance costs are charge to the statement of comprehensive income in the period in which they are incurred.

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life.

Short leasehold - Unexpired term

Plant & equipment - 33.33% straight line and variable rates on reducing balance

Motor vehicles - 30% - 33.33% reducing balance

Any gains and losses on the disposal of tangible fixed assets are recognised in the statement of comprehensive income in the year that the disposal takes place.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Tangible fixed assets acquired under hire purchase contracts or finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account over the period of the lease.

Pension costs and other post-retirement benefits

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

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating charges.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	2019 £	2018 £
Sales of goods	40,657,060	34,138,855
Rendering of services	953,661	895,338
	<u>41,610,721</u>	<u>35,034,193</u>

A geographical analysis of overseas turnover has not been provided as, in the directors' opinion, it would seriously prejudice the company's interests.

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	7,066,738	6,662,006
Social security costs	697,592	610,102
Other pension costs	321,480	252,336
	<u>8,085,810</u>	<u>7,524,444</u>

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

	2019	2018
Office and Management	72	70
Sales and Call Centre	21	20
Warehouse and Drivers	45	43
Production	126	124
	<u>264</u>	<u>257</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019

4. EMPLOYEES AND DIRECTORS - continued

	2019	2018
	£	£
Directors' remuneration	511,383	569,144
Directors' pension contributions to money purchase schemes	<u>13,018</u>	<u>14,869</u>

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

	2019	2018
	3	4
Money purchase schemes	<u>3</u>	<u>4</u>

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	<u>131,234</u>	<u>128,313</u>

5. OPERATING PROFIT

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

	2019	2018
	£	£
Hire of plant and machinery	19,383	15,578
Depreciation - owned assets	362,938	338,503
Profit on disposal of fixed assets	(5,586)	(2,919)
Goodwill amortisation	38,660	-
Patents and licences amortisation	900	900
Auditors' remuneration	11,075	10,750
Auditors' remuneration - tax compliance	3,600	3,500
Auditors' remuneration - other non audit services	10,825	10,500
Operating lease rentals	406,116	409,968
Research and development	384,000	300,000
Foreign exchange differences	<u>(13,402)</u>	<u>(13,328)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Other interest	<u>-</u>	<u>162</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019

7. TAXATION**Analysis of the tax charge**

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

	2019 £	2018 £
Current tax:		
UK corporation tax	1,000,000	750,000
Adjustments for previous periods	(25,928)	5,846
Total current tax	<u>974,072</u>	<u>755,846</u>
Deferred tax:		
Deferred tax	21,000	(3,000)
Prior year	1,000	(4,000)
Total deferred tax	<u>22,000</u>	<u>(7,000)</u>
Tax on profit	<u><u>996,072</u></u>	<u><u>748,846</u></u>

Reconciliation of total tax charge included in profit and loss

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

	2019 £	2018 £
Profit before tax	<u>5,786,470</u>	<u>4,289,050</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,099,429	814,920
Effects of:		
Expenses not deductible for tax purposes	14,086	5,946
Adjustments to tax charge in respect of previous periods	(25,928)	5,846
Deferred tax rate and rounding differences	(315)	(1,866)
Research & development enhancement	(91,200)	(76,000)
Total tax charge	<u><u>996,072</u></u>	<u><u>748,846</u></u>

8. DIVIDENDS

	2019 £	2018 £
Interim	<u><u>106,110</u></u>	<u><u>107,900</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 September 2018	-	9,000	9,000
Additions	232,000	-	232,000
At 31 August 2019	232,000	9,000	241,000
AMORTISATION			
At 1 September 2018	-	900	900
Amortisation for year	38,660	900	39,560
At 31 August 2019	38,660	1,800	40,460
NET BOOK VALUE			
At 31 August 2019	193,340	7,200	200,540
At 31 August 2018	-	8,100	8,100

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant & equipment £	Motor vehicles £	Totals £
COST				
At 1 September 2018	500,995	3,868,667	501,848	4,871,510
Additions	-	207,677	187,431	395,108
Disposals	-	-	(169,764)	(169,764)
At 31 August 2019	500,995	4,076,344	519,515	5,096,854
DEPRECIATION				
At 1 September 2018	500,995	3,031,811	319,345	3,852,151
Charge for year	-	250,955	111,983	362,938
Eliminated on disposal	-	-	(144,868)	(144,868)
At 31 August 2019	500,995	3,282,766	286,460	4,070,221
NET BOOK VALUE				
At 31 August 2019	-	793,578	233,055	1,026,633
At 31 August 2018	-	836,856	182,503	1,019,359

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
At 1 September 2018	211	1	212
Additions	1	-	1
At 31 August 2019	212	1	213
NET BOOK VALUE			
At 31 August 2019	212	1	213
At 31 August 2018	211	1	212

The company holds interests in the issued share capital of the following companies:-

<u>Name of Company</u>	<u>Holding</u>	<u>Principal activity</u>
Carwood BDS Limited	77.5%	Dormant
Carwood Diesel Systems Limited	100%	Dormant
Reman (UK) Limited	100%	Dormant
Diesel Injection (UK) Limited	100%	Dormant
Carwood Defence Limited	100%	Dormant
Brise Ltd	100%	Dormant (Incorporated 21/06/2019)

Joint Venture

Carwood Van Kappel Limited	50%	Dormant
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The registered office address for the above company's to whom Carwood Motor Units Limited is the parent company can be found on the Company information page.

12. STOCKS

	2019 £	2018 £
Finished goods	3,924,080	2,857,049

Stock recognised in raw materials and consumables and changes in stock during the year as an expense was £23,313,098 (2018: £19,179,616).

An impairment gain of £97,260 (2018: £28,434 impairment loss) was recognised in raw materials and consumables and changes in stock during the year due to slow-moving and obsolete stock.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	5,689,824	5,434,797
Other debtors	2,708	1,375
Prepayments and accrued income	98,324	82,055
	5,790,856	5,518,227

14. CURRENT ASSET INVESTMENTS

	2019 £	2018 £
Other	4,381,028	4,165,613

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	3,735,463	3,764,971
Amounts owed to group undertakings	16,089	15,579
Tax	591,146	380,008
Social security and other taxes	743,936	401,446
Other creditors	1,652	1,549
Accrued expenses	2,362,873	1,885,687
	<u>7,451,159</u>	<u>6,449,240</u>

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	429,727	365,312
Between one and five years	1,040,715	940,008
In more than five years	300,769	434,444
	<u>1,771,211</u>	<u>1,739,764</u>

17. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax	<u>79,000</u>	<u>57,000</u>
		Deferred tax
		£
Balance at 1 September 2018		57,000
Accelerated capital allowances		<u>22,000</u>
Balance at 31 August 2019		<u>79,000</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
810	Ordinary	£1	<u>810</u>	<u>810</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2019**

19. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 September 2018	18,665,308	58,440	250	18,723,998
Profit for the year	4,790,398	-	-	4,790,398
Dividends	(106,110)	-	-	(106,110)
At 31 August 2019	<u>23,349,596</u>	<u>58,440</u>	<u>250</u>	<u>23,408,286</u>

Retained earnings - includes all current and prior periods retained profits and losses.

Share premium - includes any premiums received on issue of share capital.

Capital redemption reserve - represents the nominal value of shares bought back by the company in the current and prior periods.

20. PENSION COMMITMENTS

The company operates a defined contribution scheme for employees and contributes to the personal pension schemes of other employees. Contributions to the scheme during the year amounting to £321,480 (2018: £252,336) have been charged to the profit and loss account. At 31 August 2019, pension contributions of £49,578 (2018: £45,342) were outstanding to the pension scheme.

21. RELATED PARTY DISCLOSURES

During the year the company paid rent totalling £87,675 (2018: £87,675) to Mr G. Carter's Self Invested Personal Pension.

Key management personnel compensation in the year totalled £581,096 (2018 - £649,948).

22. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Carwood Limited.

The ultimate parent company is Carwood Holdings Limited, and the largest and smallest group financial statements that consolidate this company.

The company is under the control of K.P. Mulholland, a director and majority shareholder of Carwood Holdings Limited.

Group accounts are available from the company's registered office.