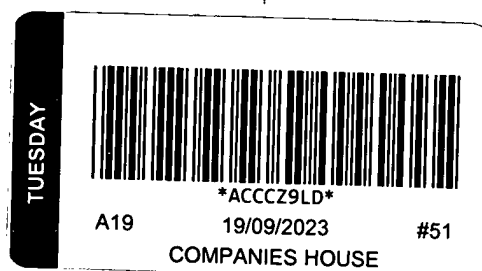


PEM 2000 LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

Company Registration No. 02183014



**PEM 2000 LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022**

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**PEM 2000 LIMITED
OFFICERS AND PROFESSIONAL ADVISORS
YEAR ENDED 31 DECEMBER 2022**

The Board of Directors

R Ingram (Chairman)
D Millard
K Savage
D Ardron
C Thexton
R Millard
P O'Brien

Company Secretary

L Anstiss

Registered Office

Suite 1
500 Pavilion Drive
Northampton Business Park
Brackmills
Northampton
NN4 7YJ

Auditors

Jackson Stephen LLP
James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

**PEM 2000 LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2022**

The Directors present their strategic report on the affairs of the Company for the year ended 31 December 2022.

Principal Activity and Business Review

The Company's principal activity during the year was to hold property, which it develops and rents to Perrys East Midlands Limited.

Going Concern

The directors note that the Company has net current liabilities of £15,700,230. The Company relies on the continuing financial support of its parent company and ultimate parent company. This continuing support has been confirmed and accordingly the directors consider that the accounts should be prepared on the going concern basis.

The directors note the forecasts made by the parent company (detailed in the statutory accounts of Perrys Group Limited) which confirm that it has sufficient facilities available to fund the group for a period of 12 months from the date of these financial statements.

Financial Performance

The directors are pleased with the performance of the Company during 2022 with the Company earning a profit after tax for the year of £668,249 compared to a profit after tax of £876,065 in 2021.

The results of the Company are shown on page 13 of the financial statements.

The directors note the ongoing economic and social conditions in 2022. Government measures to control the COVID-19 pandemic did not directly impact the trading of the Company but did impact the trading of Perrys East Midlands Limited, the tenant of the Company's properties. The directors have noted the impact on Perrys East Midlands Limited and have considered how the continuing COVID-19 uncertainties may impact the future trading of the Company.

Property

The Group has a policy of investing in freehold and long leasehold property as the preferred means of providing premises for our car dealerships. As a result, the Group has a significant and valuable portfolio of freehold and long leasehold properties, which is an important strength of the business.

Principal risks and uncertainties

The main risk factors are set out below but are not an exhaustive list of risks and uncertainties that could adversely impact on the Company's performance.

Key Management

The Company is dependent on its senior management team. Recruitment procedures and remuneration packages are regularly reviewed to ensure the Company attracts and retains management of the required level.

**PEM 2000 LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2022**

Liquidity

The Company finances its operations through a mixture of retained profits and intercompany loans. Movements in interest rates can impact profitability. In addition a withdrawal of financing facilities or failure to renew them as they expire could lead to an inability to finance trading. Regular cash flow forecasts are prepared. The Company ensures that sufficient sources of funding are available.

Information Systems

The Company is dependent upon a number of business critical computer systems which, if interrupted for any length of time, could impact on the efficient running of the Company's business. The Company has in place a business continuity plan to ensure that the Company can continue to operate should the systems be compromised. The Company also has an appropriate level of cyber liability insurance.

Section 172(1) statement

In discharging their duty to promote the interests of the Company under section 172 Companies Act 2006, the Directors of the Company have regard to a number of factors and stakeholder interests. These are described below.

The Company is a wholly owned subsidiary and does not have any employees. Accordingly, the Directors do not consider the factors listed in section 172(1)(b) (interests of the Company's employees) or section 172(1)(d) (the impact of the Company's operations on the community and the environment) are relevant to the proper discharge of their duty under section 172.

Each of these factors are considered in relation to the Group's broader operations as explained in the section 172(1) statement within the financial statements of Perrys Group Limited (the ultimate parent of PEM 2000 Limited) for the year ended 31 December 2022.

Long term consequences of business decisions and maintaining reputation for high standards of business conduct

The Company holds predominantly freehold properties which it develops and rents to its holding company. Accordingly consideration of long term consequences are an inherent part of the Company's decision making process. The Group is privately owned and the Board considers that the interests of the Company and its ultimate owners are aligned in seeking sustainable value creation over the longer term promoting long term strategic decision making.

**PEM 2000 LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2022**

Identification of, and engagement with, stakeholder groups

The Company recognises the importance of maintaining strong relationships with its stakeholders in

- The Group's external lenders;
- The Group's owners;
- The Group's suppliers.

Details of these groups, and the main methods the Directors have used to engage with those stakeholders during the course of the year, are set out in the strategic report within the financial statements of Perrys Group Limited for the year ended 31 December 2022.

The strategic report was approved on 25th April 2023 on behalf of the board by



C Thexton
Director

**PEM 2000 LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2022**

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2022.

Dividends

No dividends have been paid or declared during the year.

Directors

The directors that served during the year were as follows:

R Ingram (Chairman)
D Millard
K Savage
D Ardron
P O'Brien
R Millard
C Thexton

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Future Developments

Future developments are considered in the Strategic Report on pages 3 to 5.

Corporate and Social Responsibility

Corporate and Social Responsibility are important to the Company.

Health and Safety

Health and Safety is of prime importance to the Company. The Company has a consistent framework for Health and Safety applied to all operations.

Environmental matters

The Company's strategy on environmental matters is to ensure legal and regulatory compliance as well as seeking to reduce costs through effective resource management.

**PEM 2000 LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2022**

Community Support

The Company is proud to work with a diverse range of national and local charities and local community based organisations.

Strategic Report

Some information required by Schedules 7 & 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with sections 414c(11) and 172(1) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Labour Standards and Human Rights

In 2015 the UK Government published the Modern Slavery Act (MSA) which places a duty on companies to make a public statement on the steps to minimise the possibility that slavery or human trafficking is happening in their own business or in their supply chain. This statement can be found on the Group's website at www.perrys.co.uk.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Jackson Stephen LLP will therefore continue in office.

Registered Office:
Suite 1
500 Pavilion Drive
Northampton Business Park
Brackmills
Northampton
NN4 7YJ

Signed by order of the directors



C Thexton
Finance Director

Approved by the directors on 25 April 2023

PEM 2000 LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS'
REPORT AND THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report and the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEM 2000 LIMITED

Opinion

We have audited the financial statements of PEM 2000 Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (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 December 2022 and of the 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 provisions 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEM 2000 LIMITED

Other Information (continued)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 directors' report.

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

- adequate accounting records have not been kept by the company, 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 directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEM 2000 LIMITED

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

Irregularities and 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 group and sector, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, the Companies Act 2006 and UK tax, employment, pension and health and safety legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fraudulent revenue recognition.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management about actual and potential litigation and claims, their policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- obtaining an understanding of provisions and holding discussions with management to understand the basis of recognition or non-recognition of tax provisions; and
- in addressing the risk of fraud through management override of controls: testing the appropriateness of journal entries; assessing whether the accounting estimates, judgements and decisions made by management are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEM 2000 LIMITED

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

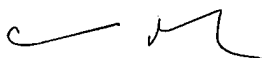
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Moss BSc F.C.A. (Senior Statutory Auditor)
for and on behalf of Jackson Stephen LLP

Chartered Accountants
Statutory Auditor
James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

Date: Apr 26, 2023

PEM 2000 LIMITED
INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Revenue	7	1,144,533	1,160,004
Administrative expenses	8	(165,163)	(161,081)
Gross profit		<u>979,370</u>	<u>998,923</u>
Operating profit before exceptional items		<u>979,370</u>	<u>998,923</u>
Finance income	9	-	2,688
Finance costs	9	<u>-</u>	<u>(1,324)</u>
Profit on ordinary activities before tax		979,370	1,000,287
Taxation on ordinary activities	10	(311,121)	(124,222)
Profit on ordinary activities after tax		<u><u>668,249</u></u>	<u><u>876,065</u></u>
Statement of other comprehensive income		-	-
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		<u><u>668,249</u></u>	<u><u>876,065</u></u>

The notes on pages 16 to 28 form part of the financial statements

PEM 2000 LIMITED
Company Registration Number 02183014
BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investment property	12	19,175,560	14,177,989
Total current assets		<u>-</u>	<u>-</u>
Creditors: Amounts falling due within one year			
Amounts due to group undertakings	17	15,481,059	11,496,605
Trade and other payables	16	127,889	3,000
Current tax payable	11	91,282	200,672
Total current liabilities		<u>15,700,230</u>	<u>11,700,277</u>
Net current liabilities		<u>(15,700,230)</u>	<u>(11,700,277)</u>
Total assets less current liabilities		<u>3,475,330</u>	<u>2,477,712</u>
Provision for liabilities			
Deferred tax liabilities	14	661,250	331,881
Total non-current liabilities		<u>661,250</u>	<u>331,881</u>
Net assets		<u>2,814,080</u>	<u>2,145,831</u>
Capital and reserves			
Share capital	15	2	2
Other reserves		-	-
Retained earnings		<u>2,814,078</u>	<u>2,145,829</u>
Total shareholders' funds		<u>2,814,080</u>	<u>2,145,831</u>

These financial statements were approved on 25 April 2023 on behalf of the board by



C Thexton
Director

The notes on pages 16 to 28 form part of the financial statements

PEM 2000 LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital £	Retained earnings £	Total £
Year ended 31 December 2022			
Balance at 1 January 2022	2	2,145,829	2,145,831
Profit for the year	-	668,249	668,249
Total comprehensive income for the year	-	668,249	668,249
Balance at 31 December 2022	<u>2</u>	<u>2,814,078</u>	<u>2,814,080</u>

	Share capital £	Retained earnings £	Total £
Year ended 31 December 2021			
Balance at 1 January 2021	2	1,269,764	1,269,766
Profit for the year	-	876,065	876,065
Total comprehensive income for the year	-	876,065	876,065
Balance at 31 December 2021	<u>2</u>	<u>2,145,829</u>	<u>2,145,831</u>

The notes on pages 16 to 28 form part of the financial statements

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1 Significant accounting policies

PEM 2000 Limited (the "Company") is a company domiciled in the United Kingdom.

These financial statements were authorised for issue by the directors on 25 April 2023.

2 Statement of compliance

The Company's financial statements have been prepared and approved by the directors in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). The amendments to FRS 101 (2016/17 cycle issued in July 2017, amendment issued in December 2017 and 2020/21 cycle issued May 2021), have been applied.

3 Basis of preparation

The financial statements are presented in sterling. The financial statements have been prepared on the going concern basis under the historic cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted international accounting standards and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company's ultimate parent undertaking (Perrys Group Limited) includes the Company in its consolidated financial statements. The consolidated financial statements of Perrys Group Limited are prepared in accordance with UK adopted international accounting standards and are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Perrys Group Limited include the equivalent disclosures, the Company has also taken exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 'Share Based Payments' in respect of Company settled share based payments;
- Certain disclosures required by IAS 36 'Impairment of assets' in respect of the impairment of goodwill;
- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3 Basis of preparation *(continued)*

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 to 5.

The financial statements show net current liabilities of £15,700,230. There is an amount of £10,332,063 which is owed to the parent company, Perrys East Midlands Limited and an amount of £5,148,996 owed to a sister Company Perrys Motor Sales Limited. The directors believe the accounts should be prepared on the going concern basis for the following reasons:

- The Company is profitable but dependent for its working capital on the continuing support of its parent and ultimate parent company.
- The directors have received confirmation that the ultimate parent company will continue to provide support to the company for at least a period of 12 months from the date of signing of the financial statements.

In order to prepare the financial statements on the going concern basis, the directors have considered detailed financial projections of the Group for a period of 12 months from the date of signing the financial statements. These projections are based on the Group's annual business plan for the year ending 31 December 2023 as well as the actual performance of the Group in the period to the date of signing the financial statements, projected forward to cover the period under review. The directors have considered these financial projections in conjunction with the financial support available to the Company.

The key assumptions used in generating the forecasts include:

1. Prudent trading assumptions reflecting current expectations and trading experience.
2. Performance of supply chain remains consistent, i.e. no significant deterioration or improvement to the supply of new vehicles

The directors have also considered sensitivity analysis performed on these forecasts to model the impact of potential reductions in margins and reduced performance due to external factors.

This analysis did not indicate any issues with the Group's ability to operate subject to the continuing financial support provided by its parent company.

Based on the forecast information and the sensitivity analysis performed, as set out above, the directors believe it is appropriate to prepare these financial statements on the going concern basis.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

4 New accounting standards

A number of new standards are effective from 1 January 2022 but they do not have a material effect on the Company's financial statements.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

None of the standards yet effective are expected to have a material impact on the Company's financial statements in the period of initial application.

5 Significant accounting policies

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. The cost or deemed cost of each freehold and long leasehold building less its residual value is depreciated on a straight line basis over its estimated useful economic life of 50 years.

Capitalisation of borrowing costs

The Company capitalises borrowing costs which are directly attributable to the acquisition, construction or production of qualifying assets. Borrowing costs which do not meet this criteria are expensed.

Disposals

The gain or loss arising on the disposal or retirement on an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in the income statement.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost less provision for impairment. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

5 Significant accounting policies (continued)

Impairment

The carrying amount of the Company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated at each balance sheet date. The recoverable amount is calculated as the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows from operations are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amounts of other assets in the unit. An impairment loss in respect of goodwill is not reversed.

The recoverable amount of assets other than goodwill is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised.

Share capital

Ordinary shares are classed as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

5 Significant accounting policies (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Revenue

Revenue is measured at invoiced amount and represents rental income from property which is occupied by Perrys East Midlands Limited. Revenue is recognised on a straight-line basis over the term of the arrangement. Rental payments are made monthly.

Balances carried forward are included in contract liabilities.

Finance costs

Finance costs comprise interest payable on borrowings.

Costs of raising finance are initially offset against proceeds of the finance raised and then amortised over the life of the instrument.

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment for tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

5 Significant accounting policies *(continued)*

Income tax *(continued)*

Deferred tax assets are provided to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised. The carrying values of deferred tax assets are reviewed at each balance sheet date and recognised to the extent that it is probable that the related tax benefit will be realised.

Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Company has also adopted consequential amendments to IAS 1 Presentation of Financial Statements. Impairment losses on trade receivables are not presented separately in the income statement due to materiality considerations.

Classification and measurement of financial assets and liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The following table shows the measurement category under IFRS 9 for each class of the Company's financial liabilities:

Financial liabilities	Classification under IFRS 9
Trade and other payables	Other financial liabilities

Initial recognition

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (except those at FVTPL) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

5 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Provisions

A provision is recognised if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that the company will be required to settle the obligation. 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 the risks specific to the liability.

6 Critical judgements and estimations

The Company applies judgements and estimates in how it applies its accounting policies which could materially affect the numbers disclosed in the financial statements. There are however no material accounting judgements and estimates applied in these financial statements.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

7 Revenue

Revenue is the value of rents invoiced, recognised in accordance with the Company's accounting policy on revenue. Rents are charged and recognised on a monthly basis.

	2022	2021
	£	£
Investment property rental (excluding service charges)	<u>1,144,533</u>	<u>1,160,004</u>

Disaggregation of revenue from contracts with customers

In the following tables, investment property rental is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	2022	2021
	£	£
Primary geographic markets		
East Midlands	1,130,004	1,160,004
Buckinghamshire	14,529	-
	<u>1,144,533</u>	<u>1,160,004</u>

	2022	2021
	£	£
Major products and service lines		
Property rental	<u>1,144,533</u>	<u>1,160,004</u>

There are no receivables and contract liabilities from contracts with customers at 31 December 2022 or 1 January 2022.

The amount of revenue recognised in the period ended 31 December 2022 from performance obligations satisfied (or partially satisfied) in previous periods is £Nil.

No information is provided about remaining performance obligations at 31 December 2022 that have an original expected duration of one year or less, as allowed by IFRS 15.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

8 Operating expenses

	2022	2021
	£	£
Auditor's remuneration	3,000	3,000
Depreciation on property	162,122	157,801
Other expenses	41	280
	<u>165,163</u>	<u>161,081</u>

9 Finance (income) and costs

	2022	2021
	£	£
Fair value movement on interest rate swap	-	(2,688)
On bank loans and overdrafts	-	1,324
	<u>-</u>	<u>(1,364)</u>

10 Income tax expense

Recognised in the income statement

	2022	2021
	£	£
Current tax expense		
Current year	91,282	200,672
Adjustments for prior years	(109,529)	82
Total current tax	<u>(18,247)</u>	<u>200,754</u>
Deferred tax expense		
Current year (origination and reversal of timing differences)	329,368	(76,347)
Adjustments for prior years	-	(185)
Total deferred tax	<u>329,368</u>	<u>(76,532)</u>
Total income tax charge in the income statement	<u>311,121</u>	<u>124,222</u>

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

10 Income tax expense *(continued)*

Reconciliation of effective tax rate	2022 %	2022 £	2021 %	2021 £
Profit before tax		979,370		1,000,287
Income tax using the domestic corporation tax rate	19.0%	186,080	19.0%	190,055
Non-taxable expenses	0.0%	-	0.0%	-
Capital allowances in deficit of depreciation	1.4%	13,790	1.1%	10,876
Transfer pricing	(8.6%)	(84,318)	(7.8%)	(77,893)
Other timing differences	(2.5%)	(24,270)	(2.4%)	(24,271)
Change in tax rate	0.0%	-	12.9%	128,914
Group relief	0.0%	-	10.2%	101,904
Adjustments for prior years current tax	(11.2%)	(109,529)	0.0%	82
Adjustments for prior years deferred tax	0.0%	-	(0.0%)	(185)
Other adjustments for deferred tax	33.6%	329,368	(20.5%)	(205,260)
	31.7%	311,121	12.5%	124,222

An increase to the main rate of Corporation Tax from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. The directors have therefore decided to account for Deferred Tax on all timing differences existing on 31 December 2021 and 31 December 2022 at a rate of 25%.

11 Current tax liabilities

The current tax liability of £91,282 (2021: £200,672) represents the amount of income taxes payable.

12 Investment property

	Owned Property £
2022	
Cost	
Balance at 1 January 2022	15,353,689
Additions	5,159,693
Balance at 31 December 2022	20,513,382
Depreciation and impairment losses	
Balance at 1 January 2022	1,175,700
Depreciation charge for the year	162,122
Balance at 31 December 2022	1,337,822
Carrying amounts	
At 31 December 2022	19,175,560

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

12 Investment property *(continued)*

	Owned Property £
2021	
Cost	
Balance at 1 January 2021	15,349,933
Additions	3,756
Balance at 31 December 2021	<u>15,353,689</u>
Depreciation and impairment losses	
Balance at 1 January 2021	1,017,899
Depreciation charge for the year	157,801
Balance at 31 December 2021	<u>1,175,700</u>
Carrying amounts	
At 31 December 2021	<u>14,177,989</u>

Security

Property loans and bank overdrafts are secured over the property, plant and equipment of the Company.

As at 31 December 2021 a valuation was performed by Knight Frank LLP on the Company's freehold and long leasehold properties. The valuations were based on market value, assuming continuation of current use and indicated a surplus in carrying value of £1,615,066. The properties subject to the valuation had a book value of £14,119,934.

The valuations were not incorporated into the financial statements but, confirm the directors' view that the book values of the properties are not greater than their fair values.

At 31 December 2022 the Directors have assessed the valuations of the properties and believe that these still support the carrying values.

13 Right of use assets

There are no formal lease agreements between the Company and its parent company Perrys East Midlands Ltd which informally rents the Company's properties. Accordingly rent streams cannot be quantified over future periods.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	£	£	£	£	£	£
Property	-	-	575,274	305,075	575,274	305,075
Other short term timing differences	-	-	149,846	122,611	149,846	122,611
Financial derivatives	(63,870)	(95,805)	-	-	(63,870)	(95,805)
Tax (assets)/liabilities	<u>(63,870)</u>	<u>(95,805)</u>	<u>725,120</u>	<u>427,686</u>	<u>661,250</u>	<u>331,881</u>

Movement in temporary differences during the year

	Balance 1 January 2022	Recognised in income	Recognised in equity	Balance 31 December 2022
	£	£	£	£
Property	305,075	270,199	-	575,274
Other short term timing differences	122,611	27,235	-	149,846
Financial derivatives	(95,805)	31,935	-	(63,870)
	<u>331,881</u>	<u>329,369</u>	<u>-</u>	<u>661,250</u>

	Balance 1 January 2021	Recognised in income	Recognised in equity	Balance 31 December 2021
	£	£	£	£
Property	427,756	(122,681)	-	305,075
Other short term timing differences	77,740	44,871	-	122,611
Financial derivatives	(97,083)	1,278	-	(95,805)
	<u>408,413</u>	<u>(76,532)</u>	<u>-</u>	<u>331,881</u>

The Company has remeasured its deferred tax liability at the end of the reporting period at 25% (2021:25%). The level of deferred tax is not expected to change significantly in the next year.

PEM 2000 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

15 Capital and reserves

Share capital	2022	2021
	£	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

16 Trade and other payables

	2022	2021
	£	£
Accruals	49,500	-
Deferred income	78,389	3,000
	<u>127,889</u>	<u>3,000</u>

17 Related parties

Amounts due to Group undertakings are non-interest bearing and have been classed as current liabilities this year as they are due on demand.

The Company informally rents its properties to its parent Company, Perrys East Midlands Limited and to its sister Company, Perrys Motor Sales Limited. During the year the rent charged to Perrys East Midlands Limited was £1,130,004 (2021 : £1,160,004) and to Perrys Motor Sales Limited £14,529 (2021: Nil).

At the year end the Company had a balance payable to Perrys East Midlands Limited of £10,332,063 (2021: £11,496,605) and a balance payable to Perrys Motor Sales Limited of £5,148,996 (2021: Nil).

Some key management personnel hold positions in other companies that result in them having control or significant influence over those companies. Some of these companies transacted with the Company during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arms length basis.

18 Ultimate Parent Company and Control of the Company

The Company is a wholly owned subsidiary of Perrys East Midlands Limited and Perrys Group Limited is the ultimate parent company. Control of Perrys Group Limited is exercised by D Millard, one of its directors and shareholders.

Perrys Group Limited, which is incorporated in England and Wales, is the only undertaking which prepares group accounts including the financial statements of the Company. Copies of these accounts are available from Companies House, Crown Way, Cardiff CF14 3UZ.










2022 Accounts

Final Audit Report

2023-04-26

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