

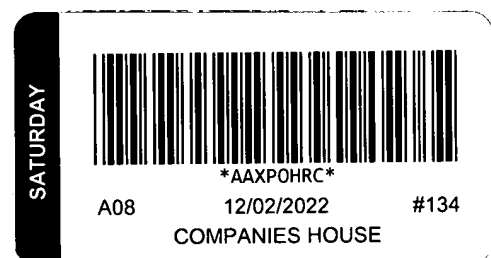
Registration number: 03923327

XLCR Vehicle Management Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2021

Hargreaves Brown & Benson
Chartered Accountants and Registered Auditor
1 Bond Street
Colne
Lancashire
BB8 9DG



XLCR Vehicle Management Limited

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XLCR Vehicle Management Limited

Company Information

Directors	Mr S O'Neill Mr L Duerden
Registered office	XLCR House, 35-43 Albert Road, Colne, Lancashire. BB8 0BU
Auditors	Hargreaves Brown & Benson Chartered Accountants and Registered Auditor 1 Bond Street Colne Lancashire BB8 9DG

XLCR Vehicle Management Limited

Strategic Report for the Year Ended 31 May 2021

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

Principal activity

The principal activity of the company is the buying and selling of motor vehicles and the provision of motor vehicle finance products.

Fair review of the business

The profit for the year after taxation, amounted to £417,014. Particulars of dividends paid are detailed in note 22 to the financial statements.

The directors consider the result for the year and the position of the company at the balance sheet date to be satisfactory.

XLCR Vehicle Management Limited has achieved very satisfactory results in what has been a difficult trading environment due to Covid-19. Turnover has increased and represents a very creditable performance under these circumstances.

The company's financial position has continued to remain adequate in terms of its ability to meet current obligations and the level of working capital required to support current and future activities.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Revenues	£m	16	11
Gross Profit	%	18	28
Operating profit	%	3	5

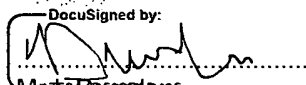
Principal risks and uncertainties

The company's directors have overall responsibility for the establishment, development and monitoring of the company's risk and risk management policies.

The company's risk management policies are established to identify and analyse the risks they face, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The principal risks affecting the company are liquidity risk, interest rate risk and credit risk.

Approved by the Board on 3 February 2022 and signed on its behalf by:

DocuSigned by:

Mr B. J. O'Brien
Director

XLCR Vehicle Management Limited

Directors' Report for the Year Ended 31 May 2021

The directors present their report and the financial statements for the year ended 31 May 2021.

Directors of the company

The directors who held office during the year were as follows:

Mr S O'Neill

Mr L Duerden

Financial instruments

Objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being;

- (a) to finance it's operations;
- (b) to manage it's exposure to interest and currency risk arising from it's operations and from it's sources of finance, and;
- (c) for trading purposes.

In addition, various financial instruments (trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming from or transferring to another party one or more of the financial risks described below.

XLCR Vehicle Management Limited

Directors' Report for the Year Ended 31 May 2021

Price risk, credit risk, liquidity risk and cash flow risk

Interest rate risk

Interest rate risk is the risk of financial loss to the company as a result of fluctuations in the market rate of interest. The company manages and controls interest rate risk on borrowings within acceptable parameters, whilst optimising the return on surplus funds.

The company maintains borrowing facilities with Barclays Bank Plc. The company places surplus funds on deposit with reputable banking institutions.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or other party to a financial instrument fails to meet its contractual obligations and arises principally from amounts receivable from customers. The company monitors credit risk closely and considers that its current policy of credit checks meet the objectives of managing exposure to risk.

The company does not carry significant individual credit balances and maintains a high volume of low value client balances. Credit risk is managed by the application of agreed terms of credit with each customer subject to monitoring and review. The company has no other significant concentrations of credit risk. Amounts shown in the Balance Sheet best represent maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

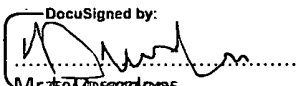
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The approach to managing liquidity risk is to ensure that, as far as possible, the company has sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the company's reputation.

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due.

Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 3 February 2022 and signed on its behalf by:

DocuSigned by:

Mr E. J. Jordan
Director

XLCR Vehicle Management Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 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 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; and
- 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.

XLCR Vehicle Management Limited

Independent Auditor's Report to the Members of XLCR Vehicle Management Limited

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 director's 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 original financial statements were 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.

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.

XLCR Vehicle Management Limited

Independent Auditor's Report to the Members of XLCR Vehicle Management Limited

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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 5], 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.

XLCR Vehicle Management Limited

Independent Auditor's Report to the Members of XLCR Vehicle Management Limited

Auditor's responsibilities for the audit of the financial statements

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

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, including fraud, are instances of non-compliance with laws and regulations. We design procedure 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 are detailed below:

The engagement partner ensured that the engagement team collectively had appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant; The Financial Reporting Standard FRS 102, the United Kingdom Companies Act 2006 and relevant United Kingdom taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement disclosures.

We understood how the company is complying with those laws and regulations through discussions with directors and other company management and from our knowledge and experience of the manufacturing sector in which the company operates.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by making enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud. We considered the internal controls in place which would mitigate the risk of fraud and non-compliance with laws and regulations.

We addressed the risk of fraud and misstatement arising through management bias and override of internal controls by performing analytical procedures to identify any unusual or unexpected relationships and testing journal entries in the accounting records to identify any unusual transactions. We assessed the judgements and assumptions made in the determination of significant accounting estimates with particular focus on potential management bias.

XLCR Vehicle Management Limited

Independent Auditor's Report to the Members of XLCR Vehicle Management Limited

In response to the risk of irregularities and non-compliance with laws and regulations we adopted procedures which included, but not limited to, agreeing the disclosures in the financial statements to underlying records and, where appropriate, supporting documentation; enquiring of management as to actual or potential litigation claims; and reviewing transactions with the company's legal and professional advisor's. We also reviewed the correspondence with HM Revenue & Customs with regards to the taxation disclosures made by the company.

There are inherent limitations in our audit procedure described in the above. The more removed that laws and regulations are from financial transactions, the less likely we are to be able to identify material 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 are due to fraud can be more difficult to detect than those which arise from other errors 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

XLCR Vehicle Management Limited

Independent Auditor's Report to the Members of XLCR Vehicle Management Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Steven Wood FCA (Senior Statutory Auditor)

For and on behalf of Hargreaves Brown & Benson, Statutory Auditor

1 Bond Street
Colne
Lancashire
BB8 9DG

3 February 2022

XLCR Vehicle Management Limited

Profit and Loss Account for the Year Ended 31 May 2021

	Note	2021 £	2020 £
Turnover	3	16,211,412	11,265,526
Cost of sales		<u>(13,328,118)</u>	<u>(8,112,340)</u>
Gross profit		2,883,294	3,153,186
Distribution costs		(92,530)	(75,627)
Administrative expenses		<u>(2,285,477)</u>	<u>(2,546,344)</u>
Operating profit	5	<u>505,287</u>	<u>531,215</u>
Other interest receivable and similar income	6	23,720	26,404
Interest payable and similar expenses	7	<u>(35,359)</u>	<u>(21,360)</u>
		<u>(11,639)</u>	<u>5,044</u>
Profit before tax		493,648	536,259
Taxation	10	<u>(76,634)</u>	<u>(83,633)</u>
Profit for the financial year		<u><u>417,014</u></u>	<u><u>452,626</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 16 to 28 form an integral part of these financial statements.

XLCR Vehicle Management Limited

Statement of Comprehensive Income for the Year Ended 31 May 2021

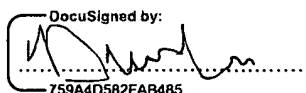
	2021 £	2020 £
Profit for the year	<u>417,014</u>	<u>452,626</u>
Total comprehensive income for the year	<u><u>417,014</u></u>	<u><u>452,626</u></u>

XLCR Vehicle Management Limited

(Registration number: 03923327)
Balance Sheet as at 31 May 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	-	3,030
Tangible assets	12	1,916,706	2,031,236
Investments	13	52	52
		<u>1,916,758</u>	<u>2,034,318</u>
Current assets			
Stocks	14	975,795	340,038
Debtors	15	3,708,005	2,985,107
Cash at bank and in hand		1,485,496	1,302,301
		<u>6,169,296</u>	<u>4,627,446</u>
Creditors: Amounts falling due within one year	17	<u>(3,012,338)</u>	<u>(1,382,230)</u>
Net current assets		<u>3,156,958</u>	<u>3,245,216</u>
Total assets less current liabilities		5,073,716	5,279,534
Creditors: Amounts falling due after more than one year	17	(838,085)	(1,144,357)
Provisions for liabilities	18	<u>(81,062)</u>	<u>(87,622)</u>
Net assets		<u>4,154,569</u>	<u>4,047,555</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>4,154,469</u>	<u>4,047,455</u>
Shareholders' funds		<u>4,154,569</u>	<u>4,047,555</u>

Approved and authorised by the Board on 3 February 2022 and signed on its behalf by:

DocuSigned by:

 759A40582FAB485...
 Mr L Duerden
 Director

XLCR Vehicle Management Limited**Statement of Changes in Equity for the Year Ended 31 May 2021**

	Share capital	Profit and	Total
	£	loss account	£
At 1 June 2020	100	4,047,455	4,047,555
Profit for the year	-	417,014	417,014
Total comprehensive income	-	417,014	417,014
Dividends	-	(310,000)	(310,000)
At 31 May 2021	100	4,154,469	4,154,569
	Share capital	Profit and	Total
	£	loss account	£
At 1 June 2019	100	3,814,829	3,814,929
Profit for the year	-	452,626	452,626
Total comprehensive income	-	452,626	452,626
Dividends	-	(220,000)	(220,000)
At 31 May 2020	100	4,047,455	4,047,555

XLCR Vehicle Management Limited**Statement of Cash Flows for the Year Ended 31 May 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		417,014	452,626
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	281,744	316,833
(Profit)/loss on disposal of tangible assets	4	(2,770)	8,105
Finance income	6	(23,720)	(26,404)
Finance costs	7	35,359	21,360
Income tax expense	10	76,634	83,633
		<u>784,261</u>	<u>856,153</u>
Working capital adjustments			
Increase in stocks	14	(635,757)	(3,932)
Increase in trade debtors	15	(722,898)	(211,738)
Increase in trade creditors	17	1,422,509	287,071
		<u>848,115</u>	<u>927,554</u>
Cash generated from operations			
Income taxes paid	10	(72,397)	(76,567)
		<u>775,718</u>	<u>850,987</u>
Cash flows from investing activities			
Interest received	6	23,720	26,404
Acquisitions of tangible assets		(235,247)	(673,787)
Proceeds from sale of tangible assets		73,833	89,387
		<u>(137,694)</u>	<u>(557,996)</u>
Net cash flows from investing activities			
Cash flows from financing activities			
Interest paid	7	(35,359)	(21,360)
Proceeds from bank borrowing draw downs		(60,606)	800,000
Repayment of other borrowing		158,823	109,894
Payments to finance lease creditors		(207,687)	129,019
Dividends paid	22	(310,000)	(220,000)
		<u>(454,829)</u>	<u>797,553</u>
Net cash flows from financing activities			
Net increase in cash and cash equivalents		183,195	1,090,544
Cash and cash equivalents at 1 June		<u>1,302,301</u>	<u>211,757</u>
Cash and cash equivalents at 31 May		<u>1,485,496</u>	<u>1,302,301</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

XLCR House,
35-43 Albert Road,
Colne,
Lancashire.
BB8 0BU

These financial statements were authorised for issue by the Board on 3 February 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

The company recognises turnover from the sale of vehicle on delivery to the customer. Turnover is shown net of sales/value added tax; returns, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% Reducing balance
Fixtures and fittings	10% Reducing balance
Motor vehicles	25% Reducing balance
Equipment	15% Reducing balance
Leasehold improvements	5% on cost

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	Over 4 years

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stock is stated as the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods	<u>16,211,412</u>	<u>11,265,526</u>

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2021	2020
	£	£
Gain (loss) on disposal of property, plant and equipment	<u>2,770</u>	<u>(8,105)</u>

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

5 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	278,714	301,675
Amortisation expense	3,030	15,158
Research and development cost	93,010	116,779
Operating lease expense - plant and machinery	138,368	82,081
(Profit)/loss on disposal of property, plant and equipment	<u>(2,770)</u>	<u>8,105</u>

6 Other interest receivable and similar income

	2021 £	2020 £
Interest income on bank deposits	312	4,900
Other finance income	<u>23,408</u>	<u>21,504</u>
	<u>23,720</u>	<u>26,404</u>

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on obligations under finance leases and hire purchase contracts	33,756	21,360
Interest expense on other finance liabilities	<u>1,603</u>	<u>-</u>
	<u>35,359</u>	<u>21,360</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	1,034,054	865,404
Social security costs	105,644	67,883
Pension costs, defined contribution scheme	18,241	15,407
Other employee expense	6,221	7,650
CJRS grants	<u>(229,299)</u>	<u>(127,308)</u>
	<u>934,861</u>	<u>829,036</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	<u>45</u>	<u>46</u>

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	<u>75,000</u>	<u>12,300</u>

10 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	83,194	72,398
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(6,560)</u>	<u>11,235</u>
Tax expense in the income statement	<u>76,634</u>	<u>83,633</u>

Deferred tax

Deferred tax assets and liabilities

2021

Accelerated tax depreciation

**Liability
£**

81,062

2020

Accelerated tax depreciation

**Liability
£**

87,622

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

11 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 June 2020	109,134	109,134
At 31 May 2021	109,134	109,134
Amortisation		
At 1 June 2020	106,104	106,104
Amortisation charge	3,030	3,030
At 31 May 2021	109,134	109,134
Carrying amount		
At 31 May 2021	-	-
At 31 May 2020	3,030	3,030

The aggregate amount of research and development expenditure recognised as an expense during the period is £93,010 (2020 - £116,779).

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

12 Tangible assets

	Leasehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2020	635,399	1,825,911	1,444,126	3,905,436
Additions	-	130,935	104,312	235,247
Disposals	-	-	(151,562)	(151,562)
At 31 May 2021	<u>635,399</u>	<u>1,956,846</u>	<u>1,396,876</u>	<u>3,989,121</u>
Depreciation				
At 1 June 2020	102,655	927,618	843,927	1,874,200
Charge for the year	22,835	112,367	143,512	278,714
Eliminated on disposal	-	-	(80,499)	(80,499)
At 31 May 2021	<u>125,490</u>	<u>1,039,985</u>	<u>906,940</u>	<u>2,072,415</u>
Carrying amount				
At 31 May 2021	<u>509,909</u>	<u>916,861</u>	<u>489,936</u>	<u>1,916,706</u>
At 31 May 2020	<u>532,744</u>	<u>898,293</u>	<u>600,199</u>	<u>2,031,236</u>

Included within the net book value of land and buildings above is £Nil (2020 - £Nil) in respect of freehold land and buildings and £509,909 (2020 - £532,744) in respect of long leasehold land and buildings.

13 Investments

	2021 £	2020 £
Investments in subsidiaries	<u>52</u>	<u>52</u>
Subsidiaries		£
Cost or valuation		
At 1 June 2020		<u>52</u>
Provision		
Carrying amount		
At 31 May 2021		<u>52</u>
At 31 May 2020		<u>52</u>

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Xfleet Vehicle Retail Ltd	England and Wales	Ordinary	100%	100%
Intelligent Vehicle Finance Ltd	England and Wales	Ordinary	50%	50%

Subsidiary undertakings

Xfleet Vehicle Retail Ltd

The principal activity of Xfleet Vehicle Retail Ltd is the sale of used cars and motor vehicles..

Intelligent Vehicle Finance Ltd

The principal activity of Intelligent Vehicle Finance Ltd is the lease of motor vehicles..

14 Stocks

	2021	2020
	£	£
Other inventories	975,795	340,038

15 Debtors

	Note	2021	2020
		£	£
Trade debtors		1,970,553	1,378,753
Amounts owed by related parties	23	-	24,000
Other debtors		1,673,828	1,517,177
Prepayments		63,624	65,177
		<u>3,708,005</u>	<u>2,985,107</u>

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

16 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	3,081	381
Cash at bank	1,482,415	1,301,920
	<u>1,485,496</u>	<u>1,302,301</u>

17 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	21	549,857	353,055
Trade creditors		1,991,607	583,599
Social security and other taxes		333,311	322,082
Outstanding defined contribution pension costs		3,392	2,254
Other payables		45,007	42,873
Accruals		5,970	5,970
Income tax liability	10	83,194	72,397
		<u>3,012,338</u>	<u>1,382,230</u>
Due after one year			
Loans and borrowings	21	<u>838,085</u>	<u>1,144,357</u>

18 Provisions for liabilities

	Deferred tax £	Total £
At 1 June 2020	87,622	87,622
Increase (decrease) in existing provisions	<u>(6,560)</u>	<u>(6,560)</u>
At 31 May 2021	<u>81,062</u>	<u>81,062</u>

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £18,241 (2020 - £15,407).

Contributions totalling £3,392 (2020 - £2,254) were payable to the scheme at the end of the year and are included in creditors.

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

20 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

21 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	593,939	800,000
Hire purchase contracts	244,146	337,990
Other borrowings	-	6,367
	<u>838,085</u>	<u>1,144,357</u>

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	145,455	-
Hire purchase contracts	95,062	208,905
Other borrowings	309,340	144,150
	<u>549,857</u>	<u>353,055</u>

22 Dividends

Final dividends paid

	2021 £	2020 £
Final dividend of £3,100 (2020 - £2,200) per each Ordinary	<u>310,000</u>	<u>220,000</u>

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

23 Related party transactions

Transactions with directors

	At 1 June 2020 £	Advances to directors £	Repayments by director £	At 31 May 2021 £
2021				
Mr L Duerden	<u>190,882</u>	<u>176,899</u>	<u>(155,000)</u>	<u>212,781</u>
Mr S O'Neill	<u>718,337</u>	<u>187,298</u>	<u>(155,000)</u>	<u>750,635</u>
	At 1 June 2019 £	Advances to directors £	Repayments by director £	At 31 May 2020 £
2020				
Mr L Duerden	<u>141,114</u>	<u>181,485</u>	<u>(131,717)</u>	<u>190,882</u>
Mr S O'Neill	<u>669,989</u>	<u>180,065</u>	<u>(131,717)</u>	<u>718,337</u>

Interest has been charged on the overdrawn balances at a rate of 2.5%.

Dividends paid to directors

	2021 £	2020 £
Mr S O'Neill	<u>155,000</u>	<u>110,000</u>
Mr L Duerden	<u>155,000</u>	<u>110,000</u>

Summary of transactions with subsidiaries

Xfleet Vehicle Retail Ltd

The company advanced loan facilities of £nil (2020 - £24,000) to Xfleet Vehicle Retail Ltd. There are no fixed terms for repayment.

At the balance sheet date the amount due from Xfleet Vehicle Retail Ltd was £nil (2020 - £24,000).

XLCR Vehicle Management Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Summary of transactions with associates

Duerden & O'Neill Estates

(A business operated by the directors)

During the year the company paid £112,500 rent to the property rental business (2020 - £112,500). There is a charge over XLCR Vehicle Management Limited to secure borrowings made by the partners of Duerden & O'Neill Estates.

At the balance sheet date the amount due to Duerden & O'Neill Estates was £nil (2020 - £nil).

Summary of transactions with other related parties

Road Engineering Ltd

(A company of which Mr L Duerden is the majority shareholder)

The company advanced loan facilities to Road Engineering Ltd during the year. The amount due at the balance sheet date from Road Engineering Ltd was £476,052 (2020 - £382,918).