

**CROWN MOTORS BUSHEY HEATH
(DISTRIBUTORS) LIMITED**

FINANCIAL STATEMENTS

31 JANUARY 2023



ArmstrongWatson®
Accountants, Business & Financial Advisers

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | T A Dibbs L H A Monahan |
| Company secretary | Ms D M McGarry |
| Registered number | 04759878 |
| Registered office | 46-52 High Road Bushey Heath Hertfordshire WD23 1GQ |
| Independent auditors | Armstrong Watson Audit Limited Cheadle Royal Business Park Manchester England SK8 3TD |

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

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CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their strategic report for the year ended 31 January 2023.

Business review

The turnover for the year ending 31st January 2023 shows a rise of 9% on the previous year, at just over £34 million. The market is slowly recovering from Covid issues but has it is yet to be seen how it will be affected both with supply and financial issues due to the ongoing conflicts in the Ukraine.

Looking forward to 2023/24, both Honda and Suzuki are perfectly adapted to take advantage of the changing market, as both manufacturers now offer a 100% electrified range. (Either full EV or Hybrid).

Demand for cars was very strong at the end of 2022/23 and this is anticipated to continue into 2023/24 by both Honda Europe and Suzuki GB, now the supply in regard to semiconductors has improved new models will be coming for both franchises in 2023. Honda has 3 new models the CR-V plugin hybrid, the full electric family car ENY-1 to sit alongside the Honda E and the ZR-V.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Manufacturer's supply of new and improved products

The company is reliant on new vehicle products from its manufacturer partners. This exposes the company to risks as the company is dependent on its suppliers

- Availability of new vehicle product
- Quality of new vehicles product
- Pricing of new vehicle product

The Directors are confident that both Honda and Suzuki will continue to be competitively priced and of a quality that this manufacturer risk is considered to minimal.

Staffing shortages – which appears to be an industry wide issue, with trained technicians being in very short supply, we are counteracting this issue by ensuring that are staff are well looked after both financially and on a work/life balance, we have shortened the working day and altered weekly working patterns as well as taking on additional apprentices to ensure a trained workforce will be maintained.

Used vehicle price variation

Used vehicle process can fluctuate significantly and as a large proportion of our business comprises of used vehicle sales any declines can have a material impact on our business.

Company, People and Reputation

The company has invested heavily in its people and its reputation over a number of years. It is therefore reliant on these individuals to a degree in delivering the company result and reinforcing the underlying brand. The company undertakes a regular review of remuneration and packages to ensure that it attracts and retains the best people.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Competition

The company competes with other franchised vehicle dealerships, independent used vehicle sellers, private buyers and sellers, internet based dealers, independent service and repair shops and vehicle manufacturers who have entered the retail market. The company competes for the sale of new and used vehicles, the performance of warranty repairs, non-warranty repairs, routine maintenance business and for the provision of spare parts. The principal competitive factors in service and parts sales are price, familiarity with a manufacturer's brands and models and the quality of customer service.

Environmental policy


The management continue to work towards the development of the company's environmental policy and it is the managements' objective to continually improve performance in this area. When assessing the environmental performance of the company, management consider various measures, including reducing waste, introducing more efficient lighting etc. as well as recycling both papers waste and IT equipment and consumables.

Economic downturn

The success of the business is reliant on consumer spending. An economic downturn, resulting in reduction of consumer spending power will have a direct impact on the income achieved by the company.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

This report was approved by the board and signed on its behalf.


Diane McGarry (Jul 31, 2023 16:47 GMT+1)

.....
Ms D M McGarry
Secretary

Date: 31/7/23

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their report and the financial statements for the year ended 31 January 2023.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £149,527 (2022 - £397,517).

The company declared dividends for the year totalling £Nil (2022: £Nil).

Directors

The directors who served during the year were:

T A Dibbs
L H A Monahan

Future developments

With the motor industry turning towards the electrification of cars, both Honda and Suzuki are investing heavily into bringing about a full line up of electric vehicles, so once supply has been stabilized across both brands we feel that we are placed both in facilities and staff to take full advantage of the built up demand.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Financial instruments

The company uses a number of financial instruments which include cash, and other various items such as trade debtors and trade creditors which arise directly from its operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The significant risks arising from the company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for the management of each of these risks which are noted below. These policies are consistent with those from the previous year.

Liquidity risk

The company seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through the day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited therefore the principal credit risk therefore arises from its trade debtors.

In order to manage credit risk, the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Disclosure in the Strategic Report

The Directors review of business, and their consideration of the risks and uncertainties surrounding the business may be found in the Strategic Report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

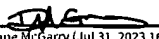
CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


Diane McGarry (Jul 31, 2023 16:47 GMT+1)

Ms D M McGarry
Secretary

Date: 31/7/23

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

Opinion

We have audited the financial statements of Crown Motors Bushey Heath (Distributors) Limited (the 'Company') for the year ended 31 January 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN MOTORS BUSHEY HEATH
(DISTRIBUTORS) LIMITED (CONTINUED)**

Opinion 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, 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 3, 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.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and knowledge of the Company to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management and review of appropriate industry knowledge. Key laws and regulations we identified during the audit were the UK Companies Act 2006 and UK tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above by making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries recorded on the Company's finance system to identify unusual transactions that may indicate override of controls;
- reviewed key judgements and estimates for any evidence of management bias; and
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management to identify actual and potential litigation and claims

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN MOTORS BUSHEY HEATH
(DISTRIBUTORS) LIMITED (CONTINUED)**

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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 Auditors' 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 Auditors' 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.

Martin Johnston

Martin Johnston (Aug 2, 2023 16:19 GMT+1)

Martin Johnston (Chartered Accountants & Statutory Auditors)
for and on behalf of

Armstrong Watson Audit Limited
Manchester

Date: 2nd August 2023

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2023**

| | Note | 2023 £ | 2022 £ |
|--------------------------------------|-------------|---------------------|-------------------|
| Turnover | 4 | 34,934,654 | 31,876,195 |
| Cost of sales | | (29,717,140) | (27,104,792) |
| Gross profit | | 5,217,514 | 4,771,403 |
| Administration Expenses | | (5,034,615) | (4,388,315) |
| Other operating income | 5 | 5,067 | 107,493 |
| Operating profit | 6 | 187,966 | 490,581 |
| Tax on profit | 9 | (38,439) | (93,064) |
| Profit for the financial year | | 149,527 | 397,517 |

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 24 form part of these financial statements.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED
REGISTERED NUMBER: 04759878

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

| | Note | 2023 £ | 2022 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 107,400 | 48,938 |
| | | <u>107,400</u> | <u>48,938</u> |
| Current assets | | | |
| Stocks | 11 | 2,824,693 | 3,351,376 |
| Debtors: amounts falling due within one year | 12 | 829,688 | 698,997 |
| Cash at bank and in hand | 13 | 1,670,438 | 1,062,177 |
| | | <u>5,324,819</u> | <u>5,112,550</u> |
| Creditors: amounts falling due within one year | 14 | (3,357,251) | (3,250,513) |
| Net current assets | | <u>1,967,568</u> | <u>1,862,037</u> |
| Total assets less current liabilities | | <u>2,074,968</u> | <u>1,910,975</u> |
| Provisions for liabilities | | | |
| Deferred tax | 16 | (14,466) | - |
| | | <u>(14,466)</u> | <u>-</u> |
| Net assets | | <u><u>2,060,502</u></u> | <u><u>1,910,975</u></u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 998 | 998 |
| Share premium account | 18 | 74,000 | 74,000 |
| Capital redemption reserve | 18 | 1 | 1 |
| Profit and loss account | 18 | 1,985,503 | 1,835,976 |
| | | <u>2,060,502</u> | <u>1,910,975</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Tim Dibbs
Tim Dibbs (Jul 26, 2023 16:23 GMT+1)

T A Dibbs
 Director

Date: 26-7-2023

Lmonahan
lmonahan (Jul 24, 2023 15:44 GMT+1)

L H A Monahan
 Director

Date: 24th July 2023

The notes on pages 13 to 24 form part of these financial statements.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023**

| | Called up share capital | Share premium account | Capital redemption reserve | Retained earnings | Total equity |
|--|------------------------------------|--------------------------------------|---|------------------------------|---------------------|
| | £ | £ | £ | £ | £ |
| At 1 February 2021 | 998 | 74,000 | 1 | 2,367,679 | 2,442,678 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 397,517 | 397,517 |
| Disposal of investments via dividend in specie | - | - | - | (929,220) | (929,220) |
| At 1 February 2022 | 998 | 74,000 | 1 | 1,835,976 | 1,910,975 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 149,527 | 149,527 |
| At 31 January 2023 | 998 | 74,000 | 1 | 1,985,503 | 2,060,502 |

The notes on pages 13 to 24 form part of these financial statements.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

1. Statutory information

Crown Motors Bushey Heath (Distributors) Limited is a private company, limited by shares, registered in England & Wales. The company's registered number is included on the Statement of Financial Position and the registered office address of the company is 46-52 High Road, Bushey Heath, Hertfordshire, WD23 1GQ.

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

The company does not have a single principal place of business.

The principal activity of the company in the year under review was that of the operation of motor dealerships involving the sale, maintenance and repair of motor vehicles and the supply of related accessories.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

2.3 Going concern

The directors have considered current trading, together with available facilities and are confident that the company will be able to meet its debts as they fall due for the period of 12 months after the approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

2.4 Turnover

Turnover from the sale of goods is recognised in the Statement of Comprehensive Income, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is accounted for on a receivable basis.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 February 2021 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Government grants

Furlough grant income under the Coronavirus Job Retention Scheme is accounted for in "Other operating income" on a receivable basis.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving stock.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.9 Current and deferred taxation

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

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-------------------------------|--------------------------------|
| Short-term leasehold property | - Over the period of the lease |
| Motor vehicles | - 20% straight line |
| Fixtures and fittings | - 10%-33% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Consignment stock

Vehicles held on consignment have been included in 'vehicles' within 'stocks' on the basis that the company has determined that it holds the significant risks and rewards attached to these vehicles.

Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including CAP valuation guides. The directors maintain oversight of ageing stock profiles and a monthly review of any provision required is performed.

Property, plant and equipment assets

Property, plant and equipment are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows.

Incentives and other rebates received from brand partners

The company receives income in the form of various incentives which are determined by the brand partners. The amount received is generally based on achieving specific objectives such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Objectives are generally set and measured on either a quarterly or annual basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

The company may also receive contributions towards advertising, promotional and rent expenditure. Where such contributions are received they are recognised as a reduction in the related expenditure in the period to which they relate.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

4. Turnover

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

An analysis of turnover by class of business is as follows:

| | 2023 £ | 2022 £ |
|------------------------|-------------------|-------------------|
| Sale of goods | 32,613,063 | 29,683,158 |
| Rendering of services | 2,099,136 | 2,019,218 |
| Commissions receivable | 222,455 | 173,819 |
| | <u>34,934,654</u> | <u>31,876,195</u> |

All turnover arose within the United Kingdom.

5. Other operating income

| | 2023 £ | 2022 £ |
|-------------------|--------------|----------------|
| Rents received | 5,067 | 5,067 |
| Government grants | - | 102,426 |
| | <u>5,067</u> | <u>107,493</u> |

Government grants comprise of Coronavirus Job Retention Scheme receipts of £Nil (2022: £102,426). The company also benefitted from rates relief from 1 April 2021.

6. Operating profit

The operating profit is stated after charging:

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Other operating lease rentals | 611,130 | 561,716 |
| Depreciation - owned assets | 28,253 | 29,526 |
| Auditors' remuneration | 10,500 | 10,405 |
| Auditors' remuneration for non audit work | 1,500 | 2,095 |

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

7. Employees and directors

Staff costs, including directors' remuneration, were as follows:

| | 2023 | 2022 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 2,991,181 | 2,493,956 |
| Social security costs | 300,862 | 267,370 |
| Pension costs | 131,879 | 347,134 |
| | <u>3,423,922</u> | <u>3,108,460</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2023 | 2022 |
|-------------------|------------------|------------------|
| | No. | No. |
| Administration | 7 | 7 |
| Parts and service | 32 | 34 |
| Sales | 26 | 22 |
| | <u>65</u> | <u>63</u> |

8. Directors' emoluments

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Directors' emoluments | 664,101 | 363,801 |
| Company contributions to defined contribution pension schemes | 80,000 | 300,000 |
| | <u>744,101</u> | <u>663,801</u> |

During the year retirement benefits were accruing to no directors (2022 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £333,501 (2022 - £183,500).

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

| | 2023 | 2022 |
|------------------------|-------------|-------------|
| | £ | £ |
| Money purchase schemes | 2 | 2 |

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

9. Taxation

| | 2023 £ | 2022 £ |
|--|---------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 23,289 | 95,771 |
| | <u>23,289</u> | <u>95,771</u> |
| Total current tax | <u>23,289</u> | <u>95,771</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 15,150 | (2,707) |
| Total deferred tax | <u>15,150</u> | <u>(2,707)</u> |
| Taxation on profit on ordinary activities | <u>38,439</u> | <u>93,064</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

| | 2023 £ | 2022 £ |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 187,966 | 490,578 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%) | 35,714 | 93,210 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (745) | (146) |
| Remeasurement of deferred tax for changes in tax rates | 3,470 | - |
| Total tax charge for the year | <u>38,439</u> | <u>93,064</u> |

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

10. Tangible fixed assets

| | Short leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|-------------------------------------|-------------------------------------|------------------------|-------------------------------|------------|
| Cost or valuation | | | | |
| At 1 February 2022 | 25,962 | 38,020 | 853,477 | 917,459 |
| Additions | - | 73,639 | 13,076 | 86,715 |
| At 31 January 2023 | 25,962 | 111,659 | 866,553 | 1,004,174 |
| Depreciation | | | | |
| At 1 February 2022 | 25,962 | 31,353 | 811,206 | 868,521 |
| Charge for the year on owned assets | - | 8,982 | 19,271 | 28,253 |
| At 31 January 2023 | 25,962 | 40,335 | 830,477 | 896,774 |
| Net book value | | | | |
| At 31 January 2023 | - | 71,324 | 36,076 | 107,400 |
| At 31 January 2022 | - | 6,667 | 42,271 | 48,938 |

11. Stocks

| | 2023 £ | 2022 £ |
|-----------------------|------------------|------------------|
| New vehicle stock | 1,354,981 | 881,858 |
| Used vehicle stock | 1,300,426 | 2,310,660 |
| Parts and accessories | 169,286 | 158,858 |
| | <u>2,824,693</u> | <u>3,351,376</u> |

Included within vehicle stock is consigned stock totalling £1,217,319 (2022: £661,628).

The movement on the stock provision in the year was:

| | 2023 £ | 2022 £ |
|-------------------------|---------------|---------------|
| Balance at 1st February | 14,434 | 54,998 |
| Provided in year | 2,539 | 455 |
| Reversed in year | (1,443) | (41,019) |
| | <u>15,530</u> | <u>14,434</u> |

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

12. Debtors

| | 2023 £ | 2022 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 571,762 | 508,286 |
| Prepayments and accrued income | 257,926 | 190,027 |
| Deferred taxation | - | 684 |
| | <u>829,688</u> | <u>698,997</u> |

The movement on the bad debts provision during the year is not material.

13. Cash and cash equivalents

| | 2023 £ | 2022 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | <u>1,670,438</u> | <u>1,062,177</u> |

14. Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|---------------------------------|------------------|------------------|
| Trade creditors | 2,287,645 | 2,454,802 |
| Corporation tax | 22,944 | 95,658 |
| Social security and other taxes | 116,811 | 120,780 |
| VAT | 109,773 | 114,438 |
| Accruals | 820,078 | 464,835 |
| | <u>3,357,251</u> | <u>3,250,513</u> |

15. Financial instruments

| | 2023 £ | 2022 £ |
|---|------------------|----------------|
| Financial assets | | |
| Financial assets measured at fair value | <u>1,670,438</u> | <u>929,220</u> |

Financial assets measured at fair value comprise investment in unit trusts and investment bonds.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

16. Deferred taxation

| | 2023 | 2022 |
|--|-----------------|----------------|
| | £ | £ |
| Balance at 1 February 2021 | 684 | (2,023) |
| Charged to statement of comprehensive income during year | (15,150) | 2,707 |
| Balance at 31 January 2022 | (14,466) | 684 |

The deferred taxation balance is made up as follows:

| | 2023 | 2022 |
|--------------------------------|-----------------|----------------|
| | £ | £ |
| Accelerated capital allowances | (17,066) | (1,156) |
| Short term timing differences | 2,600 | 1,840 |
| | (14,466) | 684 |

17. Share capital

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 499 (2022 - 499) A Ordinary shares of £1.00 each | 499 | 499 |
| 499 (2022 - 499) B Ordinary shares of £1.00 each | 499 | 499 |
| | 998 | 998 |

Both classes of shares carry equal rights with regards to voting rights and rights to dividends and distributions.

18. Reserves

Share premium account

This reserve includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

This reserve includes the nominal value of shares repurchased by the company.

Retained earnings

This reserve includes all current and prior period retained profits and losses, less dividends paid.

CROWN MOTORS BUSHEY HEATH (DISTRIBUTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £131,879 (2022: £347,134). Contributions totalling £11,051 (2022: £10,565) were payable to the fund at the reporting date and are included in creditors.

20. Leasing agreements

At 31 January 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Not later than 1 year | 605,353 | 606,000 |
| Later than 1 year and not later than 5 years | 1,480,000 | 1,715,353 |
| Later than 5 years | 564,630 | 934,631 |
| | <u>2,649,983</u> | <u>3,255,984</u> |

21. Secured debts

The following secured debts are included within creditors:

| | 2023 £ | 2022 £ |
|-----------------|------------------|------------------|
| Vehicle funding | <u>2,042,155</u> | <u>2,023,334</u> |

The vehicle funding is secured over the vehicle to which it relates.

22. Related party transactions

There are no related party transactions to note.

23. Ultimate controlling party

The ultimate parent undertaking and ultimate controlling party is Crown Motors Bushey Heath (Holding) Ltd by virtue of its majority shareholding.