

Company Registration No. 05478773 (England and Wales)

MOTORLINE HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2022



MOTORLINE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr R J Blumberger Mr J H Crowther Mr J L Head Mr T G Lampert
Secretary	Mr S R Jones
Company number	05478773
Registered office	Motorline House Shalloak Road Broad Oak Canterbury Kent CT2 0PR
Auditor	BDO LLP Arcadia House Maritime Walk - Ocean Village Southampton, UK SO14 3TL

MOTORLINE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2022

The directors present the Strategic Report for the period ended 31 March 2022.

Fair review of the business

The activities of Motorline Holdings Limited ("the company") continue to be that of a property and business support company.

On 14 October 2021 the company's ultimate controlling party changed following acquisition by the group headed by Marshall Motor Holdings Limited. The company became part of a group of companies that consists of Marshall Motor Holdings Limited and its subsidiaries ("the group").

On 21 December 2021, the company changed its accounting reference date from 31 December to 31 March. Consequently, the company's financial performance as reported in these financial statements is for the 15 month period ended 31 March 2022; the comparative period remains that of the year ended 31 December 2020.

Principal risks and uncertainties

The principal risks and uncertainties that may have a significant impact on the company's financial condition, results of operations and/or reputation include: business interruption, business relationships and strategy, legal and regulatory changes, compliance risk, economic and political uncertainty, treasury and finance risks, environmental and health and safety risks, attracting and retaining key employees and IT and cyber security risks. For full details of these risks see the Strategic Report in the Marshall Motor Holdings Limited consolidated financial statements.

Financial risk management

Business activities are carried out under normal trade terms; these terms and relationships with suppliers and customers are regularly reviewed. The company has a treasury arrangement providing access to group facilities; funding requirements are managed on a group wide basis. The company does not use financial derivatives and does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Key performance indicators

The business activities of the company cover multiple divisions operated by the group headed by Marshall Motor Holdings Limited ("the group"). As performance is managed on a divisional basis, additional company specific performance indicators are not considered necessary to provide an understanding of the financial position and performance of business activities. Divisional performance is discussed in the Marshall Motor Holdings Limited consolidated financial statements, which can be obtained from the address in Note 24. The Marshall Motor Holdings Limited consolidated financial statements do not form part of this Strategic Report.

Board decision making (s172 statement)

When making decisions, the directors consider what is most likely to lead to the success of the company and to be of benefit to the members as a whole over the long term. When making such decisions, the directors also consider the interests of other key stakeholder groups and seek to arrive at conclusions that do not adversely affect groups as a whole. For full details of these considerations, see the Strategic Report in the Marshall Motor Holdings Limited consolidated financial statements.

On behalf of the board

Richard Blumberger

Mr R J Blumberger
Director

Date: 16/12/22

MOTORLINE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2022

The directors present their report and financial statements for the period ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of a property and business support company.

Results and dividends

The results for the period are set out on page 8.

Dividends of £331,000 have been paid during the period (year ended 31 December 2020: £1,000,000) and the directors do not recommend the payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr G M Obee	(Resigned 9 February 2021)
Mr G R Obee	(Resigned 14 October 2021)
Mr T G Obee	(Resigned 14 October 2021)
Mr T W L Humphries	(Resigned 31 May 2022)
Mr D Gupta	(Appointed 14 October 2021 and resigned 25 May 2022)
Mr R J Blumberger	(Appointed 14 October 2021)
Mr J H Crowther	(Appointed 1 July 2022)
Mr J L Head	(Appointed 1 July 2022)
Mr T G Lampert	(Appointed 1 July 2022)

Post reporting date events

See note 22 for details of the post reporting date events.

Future developments

The group's strategic vision is to be regarded as the UK's premier automotive retailer. The company will continue to focus on achieving this goal through:

- the performance optimisation of the business
- offering outstanding customer service
- demonstrating retailing excellence
- building strong relations with our brand partners and key suppliers, and
- by being a great place to work.

Redemption of shares

On 9 February 2021, the company purchased 423,045 of its Ordinary C shares for a consideration of £8,500,000.

Also on 9 February 2021, the company cancelled the entire 423,045 Ordinary C shares.

Auditor

BDO LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

MOTORLINE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

Streamlined Energy and Carbon Reporting (SECR)

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the Regulations"), the company is mandated to disclose its UK energy use and the associated greenhouse gas emissions relating to natural gas, electricity and transport fuel. In addition, publication of an intensity ratio as well as the calculation methodology applied is required.

The energy consumption and associated greenhouse gas emissions of the company's operations during the reporting period from 1 January 2021 to 31 March 2022 are included within the figures reported in the SECR section of the Directors' Report in the Marshall Motor Holdings Limited consolidated financial statements. As a result, these statistics are not also required to be reported in the company's financial statements. The Marshall Motor Holdings Limited consolidated financial statements do not form part of this Directors' Report.

Business relationships

The directors recognise that it is essential for the ongoing success and reputation of the company to foster strong relationships with the stakeholder community. For full details of these considerations and the effect this regard has had on the principal decisions made in the period see the Board Decision Making (s172 Statement) section of the Strategic Report in the Marshall Motor Holdings Limited consolidated financial statements.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report, including principal risks and uncertainties.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through the newsletter 'Marshall Matters', team briefings and Chief Executive Officer video briefings. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

On behalf of the board

Richard Blumberger

Mr R J Blumberger

Director

Date: 16/12/22

MOTORLINE HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 MARCH 2022

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTORLINE HOLDINGS LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the period 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.

We have audited the financial statements of Motorline Holdings Limited ("the company") for the 15 month period ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors Report and financial statements, 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTORLINE HOLDINGS LIMITED (CONTINUED)

Other Companies Act 2006 reporting

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 period 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.

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, 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

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:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the company;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Reviewing minutes of meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas and journals raised after the year end.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTORLINE HOLDINGS LIMITED (CONTINUED)

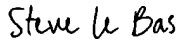
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:



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Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK
16 December 2022
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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MOTORLINE HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022

		15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
	Notes		
Cost of sales		-	(903)
Administrative expenses		(5,431)	(3,939)
Other operating income		7,130	7,188
Operating profit	4	1,699	2,346
Interest payable and similar expenses	6	(681)	(325)
Profit before taxation		1,018	2,021
Tax on profit	7	(830)	(208)
Profit for the financial period		188	1,813

The company has no recognised gains or losses other than the profit for the period as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 11 to 25 form part of these financial statements.

MOTORLINE HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

		31 March 2022		31 December 2020	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		4,261		5,404
Investments	10		7,359		7,859
			<u>11,620</u>		<u>13,263</u>
Current assets					
Debtors	12	37,615		37,597	
Cash at bank and in hand		6,431		2,706	
		<u>44,046</u>		<u>40,303</u>	
Creditors: amounts falling due within one year	13	(50,885)		(38,374)	
Net current (liabilities)/assets			<u>(6,839)</u>		<u>1,929</u>
Total assets less current liabilities			4,781		15,192
Creditors: amounts falling due after more than one year	14		(1,798)		(3,560)
Provisions for liabilities	16		(514)		(520)
Net assets			<u>2,469</u>		<u>11,112</u>
Capital and reserves					
Called up share capital	19		846		1,269
Capital redemption reserve			423		-
Profit and loss reserves			1,200		9,843
Total equity			<u>2,469</u>		<u>11,112</u>

The notes on pages 11 to 25 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 16/12/22 and are signed on its behalf by:

Richard Blumberger

Mr R J Blumberger
Director

MOTORLINE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	Notes	Share capital £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020		1,269	-	9,030	10,299
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,813	1,813
Dividends	8	-	-	(1,000)	(1,000)
Balance at 31 December 2020		1,269	-	9,843	11,112
Period ended 31 March 2022:					
Profit and total comprehensive income for the period		-	-	188	188
Dividends	8	-	-	(331)	(331)
Redemption of shares	19	(423)	423	(8,500)	(8,500)
Balance at 31 March 2022		846	423	1,200	2,469

The notes on pages 11 to 25 form part of these financial statements.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies

Company information

Motorline Holdings Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Motorline House, Shalloak Road, Broad Oak, Canterbury, Kent, CT2 0PR.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. The level of rounding that the monetary amounts have been presented in has changed from the nearest £ in the prior period to the nearest £'000 in this period.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Marshall Motor Holdings Limited. The consolidated financial statements of Marshall Motor Holdings Limited are available from Companies House.

Going concern

The company reported a profit for the 15 months ended 31 March 2022 and maintained a negative net current liability position. In addition, the company has a treasury arrangement with other companies in the group of companies of which Marshall Motor Holdings Limited is the parent company ("the group"). As at 31 March 2022 the group had £60 million of committed, but undrawn, banking facilities made available under a facility agreement due to expire in September 2024.

In addition to these banking facilities the company also has, through being a member of the group, access to substantial vehicle inventory funding arrangements of which £nil was utilised by the company and a total of £413 million was utilised by the group at 31 March 2022. These group treasury arrangements facilitate the company being able to meet its liabilities as they fall due.

The financial statements are prepared on a going concern basis. After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date that these financial statements are signed. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the company were unable to continue as a going concern.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Reporting period

On 11 May 2022 the entire share capital of the company's immediate parent undertaking (Marshall Motor Holdings Limited) was acquired by CAG Vega 2 Limited, part of the Constellation Automotive Group. In anticipation of this change of ownership, to align the reporting period with that of the acquirer, all entities in the group changed their accounting reference date from 31 December to 31 March. Amounts presented in respect of the 2022 reporting period cover 15 months. Comparative figures per the Income Statement, Statement of Changes in Equity and related notes are for a 12 month period.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on cost
Plant and equipment	15% on cost
Fixtures and fittings	15% on cost
Motor vehicles	15% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, other loans and amounts owed to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Taxation (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

The amount recognised as a dilapidations provision is the best estimate of the consideration required to settle the present obligation of returning the leasehold properties to their original condition, at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Change in accounting estimates

Value of freehold property

During the period, the directors changed the accounting estimate involved with the calculation of the residual value of freehold property. Historically, freehold property was not depreciated due to the companies' policy and practice of regular maintenance and repair, which meant that the estimated residual value of properties was maintained at levels not materially different from the carrying amount of the assets. The directors have changed how the estimation of the freehold properties residual value is calculated and now feel it is appropriate to recognise depreciation on freehold property over 50 years in line with other group companies. In the current period, the impact on the property and the statement of comprehensive income due to the change in accounting estimate, is £42,000. The impact in future periods will be £85,000.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	15 month period ended 31 March 2022 Number	Year ended 31 December 2020 Number
Directors	2	4

Their aggregate remuneration comprised:

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Wages and salaries	3,216	739
Social security costs	191	30
Pension costs	55	9
	<u>3,462</u>	<u>778</u>

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

3 Directors' remuneration

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Remuneration for qualifying services	920	297
Company pension contributions to defined contribution schemes	18	9
	<u>938</u>	<u>306</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (year ended 31 December 2020 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Remuneration for qualifying services	864	182
Company pension contributions to defined contribution schemes	18	9
	<u>882</u>	<u>191</u>

4 Operating profit

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Operating profit for the period is stated after charging:		
Depreciation of owned tangible fixed assets	162	142
Loss on disposal of tangible fixed assets	1	-
Operating lease charges	2,543	1,798
	<u>2,706</u>	<u>1,940</u>

5 Auditor's remuneration

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	15	10
	<u>15</u>	<u>10</u>

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

6 Interest payable and similar expenses

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Interest on bank loans	681	325
	<u> </u>	<u> </u>

7 Taxation

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Current tax		
UK corporation tax on profits for the current period	329	259
Adjustments in respect of prior periods	252	9
	<u> </u>	<u> </u>
Total current tax	581	268
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	134	32
Changes in tax rates	123	-
Adjustment in respect of prior periods	(8)	(92)
	<u> </u>	<u> </u>
Total deferred tax	249	(60)
	<u> </u>	<u> </u>
Total tax charge	830	208
	<u> </u>	<u> </u>

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

7 Taxation (Continued)

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Profit before taxation	1,018	2,021
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	193	384
Tax effect of expenses that are not deductible in determining taxable profit	270	(234)
Adjustments in respect of prior years	244	(83)
Effect of change in corporation tax rate	123	-
Group relief	-	(374)
Chargeable gains	-	515
Taxation charge for the period	830	208

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 31 March 2022.

8 Dividends

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Interim dividend paid in the period	331	1,000

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2021	5,025	235	463	124	5,847
Disposals	(800)	(180)	-	(64)	(1,044)
At 31 March 2022	4,225	55	463	60	4,803
Depreciation and impairment					
At 1 January 2021	-	60	323	60	443
Depreciation charged in the period	42	33	87	-	162
Eliminated in respect of disposals	-	(63)	-	-	(63)
At 31 March 2022	42	30	410	60	542
Carrying amount					
At 31 March 2022	4,183	25	53	-	4,261
At 31 December 2020	5,025	175	140	64	5,404

10 Fixed asset investments

	Notes	31 March 2022 £'000	31 December 2020 £'000
Investments in subsidiaries	11	7,359	7,859

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

10 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 January 2021	10,388	-	10,388
Additions	-	2,750	2,750
Other movements	(500)	-	(500)
Disposals	-	(2,750)	(2,750)
	<u>9,888</u>	<u>-</u>	<u>9,888</u>
At 31 March 2022	9,888	-	9,888
Impairment			
At 1 January 2021 & 31 March 2022	2,529	-	2,529
	<u>2,529</u>	<u>-</u>	<u>2,529</u>
Carrying amount			
At 31 March 2022	7,359	-	7,359
	<u>7,359</u>	<u>-</u>	<u>7,359</u>
At 31 December 2020	7,859	-	7,859
	<u>7,859</u>	<u>-</u>	<u>7,859</u>

The other movements in the period relate to a capital reduction in a subsidiary, Motorline (Drive Now) Limited. The subsidiary was subsequently dissolved and the remaining investment has been disposed.

On 9 February 2021 the company acquired 20 Ordinary C shares of £1 each in GGT Estates Limited for cash consideration of £2,750,000. On 14 October 2021, the company disposed in full of its interest in GGT Estates Limited for cash consideration of £2,750,000.

11 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Driveline Limited	(i)	Motor retailer	Ordinary	100.00	-
Motorline (Kent) Limited	(i)	Motor retailer	Ordinary	100.00	-
Motorline (Canterbury) Limited	(i)	Motor retailer	Ordinary	100.00	-
Motorline (Broad Oak) Limited	(i)	Motor retailer	Ordinary	100.00	-
Motorline (UK) LLP	(i)	Dormant	Investment	-	97.00
Motorline TPS Limited	(i)	Trade parts supplier	Ordinary	-	100.00
Dealcairn Limited	(i)	Non-trading	Ordinary	100.00	-
Motorline Limited	(i)	Motor retailer	Ordinary	100.00	-

(i) Motorline House, Shallock Road, Broad Oak, Canterbury, Kent, CT2 0PR.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

12 Debtors

	31 March 2022 £'000	31 December 2020 £'000
Amounts falling due within one year:		
Trade debtors	247	418
Corporation tax recoverable	-	37
Amounts owed by group undertakings	33,832	11,626
Related party debtors	-	21,433
Other debtors	1,267	2,722
Prepayments and accrued income	2,269	1,361
	<u>37,615</u>	<u>37,597</u>

13 Creditors: amounts falling due within one year

	Notes	31 March 2022 £'000	31 December 2020 £'000
Bank loans	15	383	2,966
Other loans	15	-	4,324
Trade creditors		1,163	13,871
Amounts owed to group undertakings		41,984	10,654
Corporation tax		-	45
Other taxation and social security		1,372	4,142
Other creditors		3,061	1,640
Accruals and deferred income		2,922	732
		<u>50,885</u>	<u>38,374</u>

14 Creditors: amounts falling due after more than one year

	Notes	31 March 2022 £'000	31 December 2020 £'000
Bank loans and overdrafts	15	1,798	2,104
Other loans	15	-	1,456
		<u>1,798</u>	<u>3,560</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>529</u>	<u>1,083</u>
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MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

15 Borrowings

	31 March 2022 £'000	31 December 2020 £'000
Bank loans	2,181	5,070
Other loans	-	5,780
	<u>2,181</u>	<u>10,850</u>
Payable within one year	383	7,290
Payable after one year	1,798	3,560
	<u>1,798</u>	<u>3,560</u>

Bank loans comprises a loan from Volkswagen Bank UK of £2m payable in equal monthly instalments over 10 years at an interest rate of 1% above Volkswagen Bank base rate. Other loans are secured over the land and buildings of the company and the wider group.

16 Provisions for liabilities

	Notes	31 March 2022 £'000	31 December 2020 £'000
Provision in respect of current tax liabilities		-	255
Deferred tax liabilities	17	514	265
		<u>514</u>	<u>520</u>

Movements on provisions apart from deferred tax liabilities:

	Provision in respect of current tax liabilities £'000
At 1 January 2021	255
Release of provision	(148)
Utilisation of provision	(107)
At 31 March 2022	<u>-</u>

On acquisition of the Motorline group of companies in October 2021, the group inherited an open matter regarding preacquisition use of company assets for non-business purposes by the former shareholders of the Motorline group. A provision of £255,000 had already been recognised as an estimate of underpaid tax liabilities requiring settlement on conclusion of the matter. In November 2021 the matter was closed following payment of amounts due.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	31 March 2022 Liabilities £'000	31 December 2020 Liabilities £'000
Balances:		
Accelerated capital allowances	523	362
Other short term timing differences	(47)	(126)
Capital gains on revaluation	38	29
	<u>514</u>	<u>265</u>
		2022
Movements in the period:		£'000
Liability at 1 January 2021		265
Charge to profit or loss		249
		<u>514</u>
Liability at 31 March 2022		<u>514</u>

During the year beginning 1 April 2022, the net reversal of existing deferred tax liabilities is expected to decrease the corporation tax charge for that year by £51,000. This is due to fixed asset movements expected during the period offset by deductions available for pension and bonus amounts paid.

18 Retirement benefit schemes

	15 month period ended 31 March 2022 £'000	Year ended 31 December 2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	55	9
	<u>55</u>	<u>9</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £10,000 (31 December 2020: £1,000) were payable to the fund at the period end and are included in creditors.

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

19 Share capital

	31 March 2022	31 December 2020	31 March 2022	31 December 2020
	Number	Number	£'000	£'000
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of £1 each	423,045	423,045	423	423
Ordinary B shares of £1 each	423,045	423,045	423	423
Ordinary C shares of £1 each	-	423,045	-	423
	<u>846,090</u>	<u>1,269,135</u>	<u>846</u>	<u>1,269</u>

Each share has equal rights for voting, dividend payments and any other distribution, including distributions arising from the winding up of the company.

On 9 February 2021, the company purchased 423,045 of its Ordinary C shares for a consideration of £8,500,000.

Also on 9 February 2021, the company cancelled the entire 423,045 Ordinary C shares.

20 Financial commitments, guarantees and contingent liabilities

The group has a revolving credit facility of £60,000,000 of which £nil was drawn at 31 March 2022 (31 December 2020: £nil). This facility includes access to an overdraft facility of £25,000,000. The facility is available for general corporate purposes including acquisitions or working capital requirements.

The facility is secured by cross guarantees granted by certain members of the group. The facility is available until September 2024.

The company is party to various other group cross guarantees. At 31 March 2022 the potential liability amounts to £5,337,000 (31 December 2020: £625,000).

The company was subject to a cross company guarantee with GGT Estates Limited, a company which was related by common control, in respect of various borrowings. At the prior year end the potential liability was £41,592,000. No such commitments or guarantees existed at the end of the current period.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2022	31 December 2020
	£'000	£'000
Within one year	166	174
Between one and five years	497	502
In over five years	373	234
	<u>1,036</u>	<u>910</u>

MOTORLINE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

22 Events after the reporting date

On 29 November 2021 the Board of Constellation Automotive Holdings Limited announced the terms of a cash offer pursuant to which its wholly-owned subsidiary CAG Vega 2 Limited would acquire the entire issued, and to be issued, share capital of the company's immediate parent undertaking (Marshall Motor Holdings Limited), subject to the requisite regulatory approvals being obtained.

Marshall of Cambridge (Holdings) Limited provided an irrevocable undertaking to accept the offer in respect of its entire shareholding in the ordinary share capital of Marshall Motor Holdings, representing approximately 64.4% of the issued ordinary share capital. Following the granting of the requisite regulatory approvals on 11 May 2022, the change of control took effect.

Subsequent to the change of control, on 15 June 2022 the admission to trading of the shares of Marshall Motor Holdings on the Alternative Investment Market of the London Stock Exchange was cancelled. Consequently, Marshall Motor Holdings was re-registered as a private limited company.

23 Related party transactions

Transactions with related parties

In February 2021, the company acquired 20% of the shares of GGT Estates Limited for £2,750,000 from a former shareholder. In October 2021 these shares were sold to other former shareholders for £2,750,000 (see note 10).

Rent and service charges of £668,000 (year ended 31 December 2020: £2,012,000) were paid to a company under the common control of the former directors. At 31 March 2022 the company was owed £nil (year ended 31 December 2020: £21,433,000) from related parties.

During the period, the company paid rent of £110,000 (year ended 31 December 2020: £147,000) to former directors' close family members.

Dividends amounting to £331,000 (year ended 31 December 2020: £1,000,000) were paid to former directors.

At 31 March 2022 the company was owed £nil (year ended 31 December 2020: £2,199,000) from the directors of the company. An amount of £1,602,000 (year ended 31 December 2020: £4,637,000) was advanced in the period and repayments of £3,801,000 (year ended 31 December 2020: £6,462,000) were received.

24 Ultimate controlling party

The company's immediate parent undertaking is Marshall Motor Holdings Limited. On 11 May 2022 Marshall Motor Holdings Limited was acquired by a new intermediate parent company, CAG Vega 2 Limited, a company incorporated in England and Wales. The ultimate controlling party became TDR Capital LLP, a Limited Liability Partnership incorporated in England and Wales. Constellation Automotive Holdings Limited is the largest undertaking that consolidates these financial statements. The parent company of the smallest such group is Marshall Motor Holdings Limited.

Copies of the consolidated financial statements for both Marshall Motor Holdings Limited and Constellation Automotive Holdings Limited can be obtained from The Registrar of Companies at Companies House, Crown Way, Cardiff CF14 3UZ.