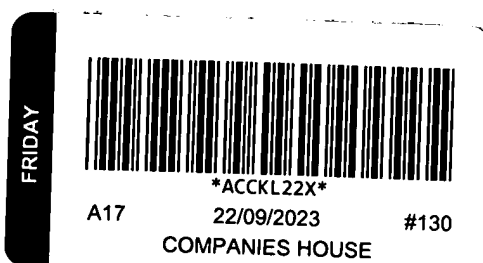


COMPANY REGISTRATION NUMBER: 08246871

**Hartshorne Crossroads Group Contracts Limited**  
**Financial Statements**  
**31 December 2022**



# **Hartshorne Crossroads Group Contracts Limited**

## **Financial Statements**

**Year ended 31 December 2022**

---

<b>Contents</b>	<b>Pages</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2 to 4</b>
Directors' report	<b>5 to 7</b>
Independent auditor's report to the members	<b>8 to 12</b>
Statement of comprehensive income	<b>13</b>
Statement of financial position	<b>14</b>
Statement of changes in equity	<b>15</b>
Statement of cash flows	<b>16</b>
Notes to the financial statements	<b>17 to 29</b>

---

**Hartshorne Crossroads Group Contracts Limited**  
**Officers and Professional Advisers**

---

<b>The board of directors</b>	J M Bulpitt J A Cowen M J Cronin
<b>Company secretary</b>	J M Bulpitt
<b>Registered office</b>	C/O Crossroads Truck & Bus Limited Pheasant Drive Birstall Batley West Yorkshire WF17 9LR
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No. 1 Whitehall Riverside Whitehall Road Leeds West Yorkshire LS1 4BN
<b>Bankers</b>	HSBC PLC 33 Park Row Leeds West Yorkshire LS1 1LD

# Hartshorne Crossroads Group Contracts Limited

## Strategic Report

Year ended 31 December 2022

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

### Principal activities and review of the business

The Company is a wholly owned subsidiary of Hartshorne Crossroads Group Limited.

The principal activity of the company is the provision of contract hire and contract maintenance services for commercial vehicles throughout the United Kingdom. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this annual report, of any likely major changes in the company's activities in the next year.

The Directors would like to express their thanks to customers and staff for their support during the year.

### Financial key performance indicators

	2022 £000	2021 £000
Turnover	34,496	24,961
Operating profit	3,626	2,015
Operating profit margin	10.5%	8.1%
Profit before taxation	3,169	1,714
Cash at bank and in hand	10,080	10,645

Revenue increased, due to increased volume of vehicles on contract hire with customers, and increased volume of maintenance agreements sold compared to 2021. Competitive pressure and economic uncertainties continue to be risks for the Company. The Company manages the risk by providing added value services to its customers, having fast response times, not only in supplying products and services, but also in handling all customer queries, and by maintaining strong relationships with customers.

The Company is partly financed by interest free intercompany loans and has third party asset finance. The finance is predominantly at fixed rates of interest. It therefore has no significant interest rate exposure.

Operating profit margin has increased because the amount within turnover relating to new vehicles has increased year on year from £10,892,000 to £15,766,000, being commercial vehicles financed on hire purchase agreements, the impact of which is to distort the operating profit margin. The profit for the year before taxation amounted to £3,169,000 (2021: £1,714,000). Total dividends paid to the shareholders of the Company was £1,000,000 (2021: £4,000,000). A summary of the results for the year is set out in the statement of comprehensive income on page 13 of the financial statements.

Year on year cash remain at similar level, principally due to operating profit cash flows after allowing for the effect of dividends paid to the parent company of £1,000,000, and repayments of a number of balloon payments due on hire purchase agreements.

The statement of financial position on page 14 of the financial statements shows that the Company's net assets have increased from £3,717,000 to £5,404,000.

# **Hartshorne Crossroads Group Contracts Limited**

## **Strategic Report** *(continued)*

**Year ended 31 December 2022**

---

### **Section 172(1) statement**

The Directors have complied with their duty to promote the success of the Company for the benefit of its members whilst having regard to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006. The Directors have done this in various ways which are noted below and by cross reference in both the Strategic Report and the Directors' Report.

### **Stakeholder engagement**

The Directors consider that the key stakeholders of the Company are those impacted by the inputs and outputs of the Company, specifically these are customers, suppliers, employees and local community, banks, government organisations and regulators. The Company, through the Directors, engages with each stakeholder at the appropriate level of detail and frequency depending on their specific requirements and level of influence and interest. The Directors use a variety of methods to do this, as described below and by cross reference in both the Strategic Report above and the Directors' Report.

### **Principal decisions**

Principal decisions are those that are material to the Company and also to the above stakeholder groups. During the financial year, the Company has taken a number of operational and strategic decisions which the Directors consider are for the benefit of the Company, with a view to promoting its long term success and sustainability. A specific example is the preparation and review of the annual budget which drives the Company's long-term strategy.

### **Principal risks and uncertainties**

Competition and challenges in the credit market continue to be one of the main risks for the company. The company has excellent track record of managing credit portfolio and has developed specific analysis which measure the ongoing risk with the credit portfolio. The management team is involved in the regular review of credit information for all transactions and making strategic decisions to manage the company's exposure to credit risk.

The majority of the Company's sales are to UK customer, however any sales to Europe and the Rest of the World are for services and are made in sterling. All purchases are made in sterling. There is therefore little exchange risk.

The Company is partly financed by interest free intercompany loans and third party asset finance. Interest rate exposure is considered low risk as it's passed on to customers.

# Hartshorne Crossroads Group Contracts Limited

## Strategic Report *(continued)*

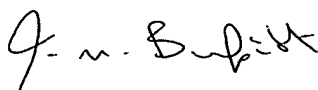
**Year ended 31 December 2022**

---

### **Future developments**

The Directors believe that continue success of the company is due to its employees, the system and control environment in which they operate. The Company will continue to invest in specific staff training, system development and exploring new opportunities to ensure that the company's performance continues to be strong in securing medium and long-term prospects.

This report was approved by the board of directors on 20 September 2023 and signed on behalf of the board by:



J M Bulpitt  
Director

# **Hartshorne Crossroads Group Contracts Limited**

## **Directors' Report**

**Year ended 31 December 2022**

---

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

### **Directors**

The directors who served the company during the year were as follows:

J M Bulpitt  
J A Cowen  
M J Cronin

### **Dividends**

The profit for the year, after taxation, amounted to £2,687,000 (2021 - £991,000).

Details of dividends declared and paid in the year are presented in the Strategic report on page 2.

### **Employee involvement**

The Company has no employees. All operations are performed by employees of a fellow subsidiary company and costs are recharged for those services.

### **Future developments**

Details of future developments can be found in the Strategic report on page 2 and form part of this report by cross-reference.

### **Financial instruments**

The Company's principal financial instruments comprise bank balances, hire purchase agreements, trade debtors and creditors, intercompany funding. The main purpose of these instruments is to ensure continued funding for the company.

Due to the nature of the financial instruments used by the Company there is little exposure to price risk.

The Company is exposed to both credit and cash flow risk which is managed by reviewing the credit terms offered to customers and the regular monitoring of amounts outstanding.

The Company utilises intercompany funding where required to manage liquidity risk

### **Qualifying indemnity provision**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

# **Hartshorne Crossroads Group Contracts Limited**

## **Directors' Report** *(continued)*

**Year ended 31 December 2022**

---

### **Environment**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that may be caused by the company's activities. The Company is part of a group accredited with Energy Management System ISO 50001:2018, Environmental Standard ISO 14001:2015 and to the Quality Management Standard ISO 9001:2015. Initiatives designed to minimise the company's impact on the environment include improving the company's energy use, minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

### **Going concern**

The Company has remained in a net positive cash position throughout the trading year and has not had to draw on any new borrowings other than to fund vehicle purchase via hire purchase in the normal course of business. The Company management team have demonstrated, through careful business planning, that we are able to adapt quickly, proactively and effectively to the various economic challenges.

The directors have used their experience of trading to prepare forecasts for the period to 31 December 2024. The forecasts take into account reasonable possible changes in trading performance and the finance facilities available to the Company. The directors have taken current economic issue into account in preparing the forecasts. There are no significant unfunded capital expenditure requirements in the foreseeable future and the directors have concluded that they will be able to operate within the current level of facilities.

Consequently, after making appropriate enquiries including the support of other group companies, and taking account of reasonably possible changes in trading performance, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that would cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 the profit or loss of the company for that period.



## Hartshorne Crossroads Group Contracts Limited

### Directors' Report *(continued)*

**Year ended 31 December 2022**

---

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

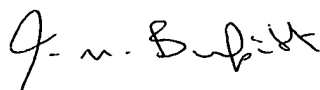
#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the companies Act 2006.

This report was approved by the board of directors on 20 September 2023 and signed on behalf of the board by:



J M Bulpitt  
Director

## **Hartshorne Crossroads Group Contracts Limited**

### **Independent Auditor's Report to the Members of Hartshorne Crossroads Group Contracts Limited**

**Year ended 31 December 2022**

---

#### **Opinion**

We have audited the financial statements of Hartshorne Crossroads Group Contracts Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 FRS 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 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as inflationary pressure, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

## **Hartshorne Crossroads Group Contracts Limited**

### **Independent Auditor's Report to the Members of Hartshorne Crossroads Group Contracts Limited (continued)**

**Year ended 31 December 2022**

---

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the 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.

#### **Matter on which we are required to report under the Companies Act 2006**

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.

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

## **Hartshorne Crossroads Group Contracts Limited**

### **Independent Auditor's Report to the Members of Hartshorne Crossroads Group Contracts Limited *(continued)***

**Year ended 31 December 2022**

---

- the financial statements are not in agreement with the accounting records and the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations, where the consequence of non-compliance could reasonably be expected to have a material effect on the financial statements, from our general commercial and sector experience and through discussions with group management. We corroborated the results of our enquiries with those charged with governance and to supporting documentation such as our legal and professional expenses review.

- We determined that the laws and regulations most directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', the Companies Act 2006) and relevant tax legislation in the UK.

## **Hartshorne Crossroads Group Contracts Limited**

### **Independent Auditor's Report to the Members of Hartshorne Crossroads Group Contracts Limited (continued)**

**Year ended 31 December 2022**

---

- In addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material impact if non-compliance were to occur; health and safety regulations, employment law and anti-bribery legislation. We communicated 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.

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the group's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls;

#### **Audit procedures performed by the engagement team included:**

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud, particularly around journal processing;
  - Journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;
  - Challenging assumptions and judgements made by management relating to its areas of significant estimation and judgement;
  - Reviewing legal and professional expenditure in the year to assess for any indicators of noncompliance with relevant laws and regulations;
  - Completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements;
  - Identifying and testing related party transactions;
    - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it; and
    - Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
      - knowledge of the industry in which the group operates and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
      - understanding of the legal and regulatory requirements specific to the company.
-

## **Hartshorne Crossroads Group Contracts Limited**

### **Independent Auditor's Report to the Members of Hartshorne Crossroads Group Contracts Limited *(continued)***

**Year ended 31 December 2022**

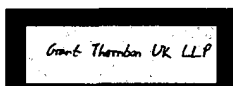
---

All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of groups of a similar size and complexity, appropriate to their role within the team.

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](http://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.



Richard Woodward (Senior Statutory Auditor)

For and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
No. 1 Whitehall Riverside  
Whitehall Road  
Leeds  
West Yorkshire  
LS1 4BN

20/9/2023

# Hartshorne Crossroads Group Contracts Limited

## Statement of Comprehensive Income

Year ended 31 December 2022

	Note	2022 £000	2021 £000
<b>Turnover</b>	<b>5</b>	34,496	24,961
Cost of sales		(25,088)	(19,369)
<b>Gross profit</b>		9,408	5,592
Administrative expenses		(5,894)	(3,704)
Other operating income	<b>6</b>	112	127
<b>Operating profit</b>	<b>7</b>	3,626	2,015
Interest receivable	<b>9</b>	4	1
Interest payable	<b>10</b>	(461)	(302)
<b>Profit before taxation</b>		3,169	1,714
Tax on profit	<b>11</b>	(482)	(723)
<b>Profit for the financial year and total comprehensive income</b>		<u>2,687</u>	<u>991</u>

All the activities of the company are from continuing operations.

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 17 to 29 form part of these financial statements.

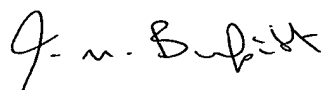
# Hartshorne Crossroads Group Contracts Limited

## Statement of Financial Position

31 December 2022

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	13	31,534	12,767
<b>Current assets</b>			
Debtors	14	2,325	3,246
Cash at bank and in hand		10,080	10,645
		<u>12,405</u>	<u>13,891</u>
<b>Creditors: amounts falling due within one year</b>	15	(15,438)	(13,750)
<b>Net current (liabilities)/assets</b>		<u>(3,033)</u>	<u>141</u>
<b>Total assets less current liabilities</b>		28,501	12,908
<b>Creditors: amounts falling due after more than one year</b>	16	(20,402)	(6,958)
<b>Deferred tax and provisions</b>			
Deferred taxation	18	(777)	(854)
Other provisions	18	(1,918)	(1,379)
		<u>(2,695)</u>	<u>(2,233)</u>
<b>Net assets</b>		<u>5,404</u>	<u>3,717</u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Profit and loss account	21	5,403	3,716
<b>Shareholders funds</b>		<u>5,404</u>	<u>3,717</u>

These financial statements were approved by the board of directors and authorised for issue on 20 September 2023, and are signed on behalf of the board by:



J M Bulpitt  
Director



M J Cronin  
Director

Company registration number: 08246871

The notes on pages 17 to 29 form part of these financial statements.



# Hartshorne Crossroads Group Contracts Limited

## Statement of Changes in Equity

Year ended 31 December 2022

		Called up share capital £000	Profit and loss account £000	Total £000
<b>At 1 January 2021</b>		1	6,725	6,726
Profit for the year		—	991	991
<b>Total comprehensive income for the year</b>		—	991	991
Dividends paid and payable	12	—	(4,000)	(4,000)
<b>Total investments by and distributions to owners</b>		—	(4,000)	(4,000)
<b>At 31 December 2021</b>		1	3,716	3,717
Profit for the year		—	2,687	2,687
<b>Total comprehensive income for the year</b>		—	2,687	2,687
Dividends paid and payable	12	—	(1,000)	(1,000)
<b>Total investments by and distributions to owners</b>		—	(1,000)	(1,000)
<b>At 31 December 2022</b>		1	5,403	5,404

The notes on pages 17 to 29 form part of these financial statements.

# Hartshorne Crossroads Group Contracts Limited

## Statement of Cash Flows

Year ended 31 December 2022

	2022 £000	2021 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,687	991
<i>Adjustments for:</i>		
Depreciation of tangible assets held under finance lease and hire purchase contracts	5,711	3,511
Other interest receivable	(4)	(1)
Interest payable	461	302
Gains on disposal of tangible assets	(112)	(127)
Tax on profit	482	723
<i>Changes in:</i>		
Trade and other debtors	892	(1,657)
Trade and other creditors	(2,973)	5,156
Provisions and employee benefits	539	(28)
Cash generated from operations	7,683	8,870
Interest paid	(461)	(302)
Interest received	4	1
Tax paid	—	(481)
Net cash from operating activities	<u>7,226</u>	<u>8,088</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets not under hire purchase contracts	(215)	(43)
Proceeds from sale of tangible assets	2,180	5,560
Net cash from investing activities	<u>1,965</u>	<u>5,517</u>
<b>Cash flows from financing activities</b>		
Payments of finance lease liabilities	(8,756)	(10,023)
Dividends paid	(1,000)	(4,000)
Net cash used in financing activities	<u>(9,756)</u>	<u>(14,023)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(565)</b>	<b>(418)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>10,645</b>	<b>11,063</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>10,080</u></b>	<b><u>10,645</u></b>

The notes on pages 17 to 29 form part of these financial statements.

# **Hartshorne Crossroads Group Contracts Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2022**

---

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is C/O Crossroads Truck & Bus Limited, Pheasant Drive, Birstall, Batley, West Yorkshire, WF17 9LR.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

### **3. Information regarding directors and employees**

There were no employees of the company during the year except for the directors (2021: no employees). Directors' emoluments were paid by fellow Group companies in both the current and prior years, and it is not practicable to make an apportionment between companies (2021: no apportionment practicable).

### **4. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity because this is the currency of the primary economic environment in which the Company operates.

All accounting policies are consistent with prior year.

#### **Leased assets: The company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

## **Hartshorne Crossroads Group Contracts Limited**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 December 2022**

---

##### **Going concern**

The Company has remained in a net positive cash position throughout the trading year and has not had to draw on any new borrowings other than to fund vehicle purchase via hire purchase in the normal course of business. The Company management team have demonstrated, through careful business planning, that we are able to adapt quickly, proactively and effectively to the various economic challenges.

The directors have used their experience of trading to prepare forecasts for the period to 31 December 2024. The forecasts take into account reasonable possible changes in trading performance and the finance facilities available to the Company. The directors have taken current economic issue into account in preparing the forecasts. There are no significant unfunded capital expenditure requirements in the foreseeable future and the directors have concluded that they will be able to operate within the current level of facilities.

Consequently, after making appropriate enquiries including the support of other group companies, and taking account of reasonably possible changes in trading performance, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that would cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

##### **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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hartshorne Crossroads Group Limited as at 31 December 2022 and these financial statements may be obtained from 28 Esplanade, St Helier, Jersey, JE2 3QA.

##### **Judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

---

### 4. Accounting policies *(continued)*

#### **Critical judgements in applying the company's accounting policies**

There are no critical judgements, involved in applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

#### **Key sources of estimation uncertainty - provisions**

Note 18 contains details of the company's provisions. The company also records a residual value provision in relation to the expected loss between the contractual repurchase obligation and the expected realisable value. This provision includes a significant level of judgement as management make assessments of the future realisable value of vehicles.

#### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover in respect of rental and maintenance contracts are recognised over the life of the contract as the services are provided to the customer. Turnover in respect of new and used vehicle sales is recognised once the risks and rewards of ownership are deemed to have been transferred to the customer.

#### **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.

#### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

#### **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.

#### **Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

---

### 4. Accounting policies *(continued)*

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

#### **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 Statement of financial position 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.

#### **Tangible 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.

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

---

### 4. Accounting policies *(continued)*

#### Depreciation

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.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Motor vehicles - 25% -33.33% pa

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

#### Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

---

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2022**

---

### **4. Accounting policies *(continued)***

#### **Provisions *(continued)***

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Financial assets are derecognised when and only when ;

- 1) the contractual rights to the cash flows from the financial asset expire or are settled;
- 2) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- 3) the group, despite have retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

---



# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 5. Turnover

Turnover arises from:

	2022	2021
	£000	£000
Sale of goods	15,766	10,892
Rendering of services	18,730	14,069
	<u>34,496</u>	<u>24,961</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 6. Other operating income

	2022	2021
	£000	£000
Other operating income	<u>112</u>	<u>127</u>

### 7. Operating profit

Operating profit or loss is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible assets held under finance lease and hire purchase contracts	5,711	3,511
Impairment of trade debtors	<u>53</u>	<u>24</u>

### 8. Auditor's remuneration

	2022	2021
	£000	£000
Fees payable for the audit of the financial statements	<u>14</u>	<u>13</u>

### 9. Interest receivable

	2022	2021
	£000	£000
Interest on bank deposits	<u>4</u>	<u>1</u>

### 10. Interest payable

	2022	2021
	£000	£000
Interest on obligations under finance leases and hire purchase contracts	<u>461</u>	<u>302</u>

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 11. Tax on profit

#### Major components of tax expense

	2022 £000	2021 £000
<b>Current tax:</b>		
UK current tax expense	315	–
Adjustment in respect of previous periods	244	172
Total current tax	<u>559</u>	<u>172</u>
<b>Deferred tax:</b>		
Impact of change in tax rate	91	205
Adjustments in respect of previous periods	(454)	–
Origination and reversal of timing differences	286	346
Total deferred tax	<u>(77)</u>	<u>551</u>
<b>Tax on profit</b>	<u>482</u>	<u>723</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £000	2021 £000
Profit on ordinary activities before taxation	3,169	1,714
Profit on ordinary activities by rate of tax	602	325
Adjustment to tax charge in respect of prior periods	(211)	172
Group relief	–	150
Super - deduction	–	(129)
Tax rate change	91	205
Tax on profit	<u>482</u>	<u>723</u>

### 12. Dividends

	2022 £000	2021 £000
Final dividend of £1,000 per ordinary share for the year ended 31 December 2022 (2021: £4,000)	1,000	4,000
Total	<u>1,000</u>	<u>4,000</u>

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 13. Tangible assets

	Motor vehicles £000
<b>Cost</b>	
At 1 January 2022	16,634
Additions	26,546
Disposals	(3,962)
<b>At 31 December 2022</b>	<b>39,218</b>
<b>Depreciation</b>	
At 1 January 2022	3,867
Charge for the year	5,711
Disposals	(1,894)
<b>At 31 December 2022</b>	<b>7,684</b>
<b>Carrying amount</b>	
<b>At 31 December 2022</b>	<b>31,534</b>
At 31 December 2021	12,767

Included within the net book value of vehicles above are assets held under hire purchase contracts of £31,534,000 (2021 : £12,767,000).

The assets above are leased to third parties for periods expiring between 2023 and 2028.

### 14. Debtors

	2022 £000	2021 £000
Trade debtors	587	2,202
Amounts owed by the fellow subsidiaries of the parent company	225	130
Prepayments and accrued income	680	644
Other debtors	833	270
	<b>2,325</b>	<b>3,246</b>

Amounts owed by fellow subsidiaries of the parent company are unsecured, interest free and repayable on demand.

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2022**

### 15. Creditors: amounts falling due within one year

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	837	1,358
Amounts owed to the parent company	1,000	2,250
Amounts owed to fellow subsidiaries of the parent company	—	591
Accruals and deferred income	4,216	4,292
Corporation tax	559	—
Social security and other taxes	—	564
Obligations under finance leases and hire purchase contracts	8,826	4,695
	<u>15,438</u>	<u>13,750</u>

Amounts owed to the parent company and to fellow subsidiaries of the parent company are unsecured, interest free and repayable on demand.

### 16. Creditors: amounts falling due after more than one year

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases and hire purchase contracts	<u>20,402</u>	<u>6,958</u>

### 17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	8,826	4,695
Later than 1 year and not later than 5 years	<u>20,402</u>	<u>6,958</u>
	<u>29,228</u>	<u>11,653</u>

These liabilities are secured against the relevant assets.

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 18. Deferred tax and provisions

	Deferred tax (note 19) £000	Provisions £000	Total £000
At 1 January 2022	854	1,379	2,233
Charged to P&L	378	763	1,141
Utilised	(455)	(224)	(679)
<b>At 31 December 2022</b>	<b>777</b>	<b>1,918</b>	<b>2,695</b>

#### Breakdown of provisions

	Maintenance contract provisions £000	Residual value provisions £000	Total £000
At 1st January 2022	175	1,204	1,379
Charged to P&L		763	763
Utilised	(175)	(49)	(224)
<b>At 31st December 2022</b>	<b>—</b>	<b>1,918</b>	<b>1,918</b>

#### Provision for deferred tax

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities related to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

#### Maintenance contract provisions

The provision for maintenance contracts relates to costs to be incurred by the group in maintaining commercial vehicle contracts in excess of the contract premiums to be received.

#### Residual value provisions

The provision for residual values relates to the amounts by which the group's contractual obligations to repurchase commercial vehicles exceed their expected realisable value. The above provisions are expected to be settled over the next two-five years.

# Hartshorne Crossroads Group Contracts Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022 £000	2021 £000
Included in deferred tax and provisions (note 18)	<u>777</u>	<u>854</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022 £000	2021 £000
At beginning of year	854	305
Charged to profit and loss	<u>(77)</u>	<u>549</u>
	<u>777</u>	<u>854</u>

The deferred tax balance breakdown is as follows:

	2022 £000	2021 £000
Accelerated capital allowances	788	864
Short term timing differences	<u>(11)</u>	<u>(10)</u>
	<u>777</u>	<u>854</u>

### 20. Called up share capital

Issued, called up and fully paid

	2022 No.	£000	2021 No.	£000
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

### 21. Profit and loss account

Includes all current & prior periods retained profits & losses.

### 22. Analysis of changes in net debt

	At 1 January 2022 £000	Cash flows £000	New finance leases £000	At 31 December 2022 £000
Cash at bank and in hand	10,645	(565)	—	10,080
Finance leases	<u>(11,653)</u>	<u>8,971</u>	<u>(26,546)</u>	<u>(29,228)</u>
	<u>(1,008)</u>	<u>8,406</u>	<u>(26,546)</u>	<u>(19,148)</u>

## **Hartshorne Crossroads Group Contracts Limited**

### **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2022**

---

#### **23. Controlling party**

The company's ultimate parent company and ultimate controlling party is Hartshorne Crossroads Group Limited, a company registered in Jersey, which is the largest group in which the company's financial statements are consolidated. Copies of the group financial statements can be obtained from its registered office at 28 Esplanade, St Helier, Jersey, JE2 3QA.

The ultimate controlling party of Hartshorne Crossroads Group Limited is Mr M J Cronin.