

Company registration number 09693156 (England and Wales)

NL COMMERCIALS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NL COMMERCIALS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr Nigel Lella Mr Wayne Lella
Company number	09693156
Registered office	Rouse Mill Rouse Mill Lane Batley WF17 5QB
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

NL COMMERCIALS HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Group statement of comprehensive income	7
Group balance sheet	8
Company balance sheet	9
Group statement of changes in equity	10
Company statement of changes in equity	11
Group statement of cash flows	12
Notes to the financial statements	13 - 30

NL COMMERCIALS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

Fair review of the business

The Group has continued to produce strong numbers in what is a difficult financial period for business. All departments have again performed well and have continued to offer stability.

The Groups Vehicle sales division, Pro Vans Yorkshire Limited has been the most affected by the market downturn in spending but has still produced a good turnover. Once inflation is back under control and consumer confidence returns, we expect turnover and profit to increase.

The directors are extremely pleased with the Group's performance and results in what is a challenging environment. The directors would like to place on record their thanks to all members of the team throughout the NL Group.

Principal risks and uncertainties

The directors are constantly reviewing market conditions, including vehicle supply, and competitor activity in order to maintain continued trade with existing and new customers.

Key performance indicators

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

	Unit	2023	2022
Turnover	£	21,301,383	22,868,261
Gross profit	%	56%	61%
Profit before tax	£	3,282,662	5,017,940

On behalf of the board

Mr Wayne Lella

Director

12 March 2024

NL COMMERCIALS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities

The principal activity of the company and group continued to be that of renting, leasing and supply of vehicles.

Directors

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

Mr Nigel Lella

Mr Wayne Lella

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial instruments

The company utilises appropriate financial instruments in order to conduct its business activities.

The business' principal financial instruments comprise trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Auditor

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the group will be put at a General Meeting.

NL COMMERCIALS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr Wayne Lella
Director

12 March 2024

NL COMMERCIALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NL COMMERCIALS HOLDINGS LIMITED

Opinion

We have audited the financial statements of NL Commercials Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent 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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

NL COMMERCIALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NL COMMERCIALS HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 parent 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 parent 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 our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, 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 or intentional misrepresentations, or through collusion.

We focused on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and review of legal expenses. There are inherent limitations in the audit procedures described 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 would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

NL COMMERCIALS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NL COMMERCIALS HOLDINGS LIMITED

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.

Jamie Williams (Senior Statutory Auditor)
For and on behalf of BHP LLP

13 March 2024

Chartered Accountants
Statutory Auditor

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

NL COMMERCIALS HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	3	21,301,383	22,868,261
Cost of sales		(9,380,687)	(8,885,167)
Gross profit		11,920,696	13,983,094
Administrative expenses		(8,644,896)	(8,710,774)
Other operating income		14,487	35,615
Operating profit	4	3,290,287	5,307,935
Interest receivable and similar income	8	48,832	11,325
Interest payable and similar expenses	9	(56,457)	(301,320)
Profit before taxation		3,282,662	5,017,940
Tax on profit	10	(770,779)	(1,179,682)
Profit for the financial year		2,511,883	3,838,258
Profit for the financial year is attributable to:			
- Owners of the parent company		2,497,117	3,815,662
- Non-controlling interests		14,766	22,596
		2,511,883	3,838,258
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		2,497,117	3,815,662
- Non-controlling interests		14,766	22,596
		2,511,883	3,838,258

NL COMMERCIALS HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12	5,454,500		5,844,107	
Tangible assets	13	26,798,166		24,363,624	
		32,252,666		30,207,731	
Current assets					
Debtors	16	2,425,154		2,785,836	
Cash at bank and in hand		2,625,477		4,667,996	
		5,050,631		7,453,832	
Creditors: amounts falling due within one year	17	(5,260,725)		(7,463,397)	
Net current liabilities			(210,094)		(9,565)
Total assets less current liabilities			32,042,572		30,198,166
Creditors: amounts falling due after more than one year	18		(1,161,096)		(1,499,125)
Provisions for liabilities	20		(1,935,452)		(2,264,900)
Net assets			28,946,024		26,434,141
Capital and reserves					
Called up share capital	23	260,059		260,059	
Profit and loss reserves		28,640,979		26,143,862	
Equity attributable to owners of the parent company			28,901,038		26,403,921
Non-controlling interests			44,986		30,220
			28,946,024		26,434,141

The financial statements were approved by the board of directors and authorised for issue on 12 March 2024 and are signed on its behalf by:

Mr Wayne Lella
Director

NL COMMERCIALS HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		5,454,500		5,844,107
Tangible assets	13		26,748,715		24,307,758
Investments	14		551		551
			<u>32,203,766</u>		<u>30,152,416</u>
Current assets					
Debtors	16	2,150,225		2,685,706	
Cash at bank and in hand		1,519,358		2,557,313	
		<u>3,669,583</u>		<u>5,243,019</u>	
Creditors: amounts falling due within one year	17	(7,156,496)		(8,874,823)	
Net current liabilities			<u>(3,486,913)</u>		<u>(3,631,804)</u>
Total assets less current liabilities			<u>28,716,853</u>		<u>26,520,612</u>
Creditors: amounts falling due after more than one year	18		(1,161,096)		(1,499,125)
Provisions for liabilities					
Deferred tax liability	21	1,016,252		846,500	
		<u>(1,016,252)</u>		<u>(846,500)</u>	
Net assets			<u>26,539,505</u>		<u>24,174,987</u>
Capital and reserves					
Called up share capital	23		260,010		260,010
Profit and loss reserves			26,279,495		23,914,977
Total equity			<u>26,539,505</u>		<u>24,174,987</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,364,518 (2022 - £3,587,414 profit).

The financial statements were approved by the board of directors and authorised for issue on 12 March 2024 and are signed on its behalf by:

Mr Wayne Lella
Director

Company registration number 09693156 (England and Wales)

NL COMMERCIALS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 July 2021		260,059	23,136,064	23,396,123	7,624	23,403,747
Year ended 30 June 2022:						
Profit and total comprehensive income for the year		-	3,815,662	3,815,662	22,596	3,838,258
Dividends	11	-	(807,864)	(807,864)	-	(807,864)
Balance at 30 June 2022		260,059	26,143,862	26,403,921	30,220	26,434,141
Year ended 30 June 2023:						
Profit and total comprehensive income for the year		-	2,497,117	2,497,117	14,766	2,511,883
Balance at 30 June 2023		260,059	28,640,979	28,901,038	44,986	28,946,024

NL COMMERCIALS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 July 2021		260,010	21,135,427	21,395,437
Year ended 30 June 2022:				
Profit and total comprehensive income for the year		-	3,587,414	3,587,414
Dividends	11	-	(807,864)	(807,864)
Balance at 30 June 2022		260,010	23,914,977	24,174,987
Year ended 30 June 2023:				
Profit and total comprehensive income for the year		-	2,364,518	2,364,518
Balance at 30 June 2023		260,010	26,279,495	26,539,505

NL COMMERCIALS HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	28	9,808,723	12,151,880
Interest paid		(56,457)	(301,320)
Income taxes paid		(419,762)	(1,611,880)
Net cash inflow from operating activities		<u>9,332,504</u>	<u>10,238,680</u>
Investing activities			
Purchase of tangible fixed assets		(8,391,777)	(1,789,178)
Proceeds from disposal of tangible fixed assets		3,203,733	3,747,499
Repayment of loans		103,733	295,323
Interest received		48,832	11,325
Net cash (used in)/generated from investing activities		<u>(5,035,479)</u>	<u>2,264,969</u>
Financing activities			
Cash movement in provisions		(499,200)	(499,200)
Payment of finance leases obligations		(5,840,344)	(10,136,343)
Dividends paid to equity shareholders		-	(807,864)
Net cash used in financing activities		<u>(6,339,544)</u>	<u>(11,443,407)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(2,042,519)</u>	<u>1,060,242</u>
Cash and cash equivalents at beginning of year		4,667,996	3,607,754
Cash and cash equivalents at end of year		<u><u>2,625,477</u></u>	<u><u>4,667,996</u></u>

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

NL Commercials Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Rouse Mill, Rouse Mill Lane, Batley, WF17 5QB.

The group consists of NL Commercials Holdings Limited and all of its subsidiaries.

1.1 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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The 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 for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company NL Commercials Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

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

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

Freehold land and buildings	nil
Leasehold improvements	10% straight line
Plant and equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	25% reducing balance

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 recognised in the profit and loss account.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Freehold property is included in the balance sheet at its fair value.

Although this accounting policy is in accordance with the applicable accounting standard, FRS 102 "The Financial Reporting Standard," it is a departure from the general requirement of the Companies Act 2006 for all tangible fixed assets to be depreciated.

The accounting policy adopted is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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 recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 debtors and cash 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 group 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 group after deducting all of its liabilities.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the 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 group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.13 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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.

1.14 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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 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 balance sheet 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.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants received in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets - depreciation

Due to the nature of the company's trade and size of the hire fleet, it is necessary to consider the useful lives of assets, which reflect the directors' estimate. The depreciation rates chosen by the directors are based on their best estimate of useful economic life, taking into account historic life cycles of the fleet and future expectations.

3 Turnover and other revenue

The group's turnover arises from its principal activity, undertaken entirely in the UK.

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(1,000)	(4,089)
Depreciation of owned tangible fixed assets	4,686,454	4,007,178
Depreciation of tangible fixed assets held under finance leases	2,076,081	3,266,740
Profit on disposal of tangible fixed assets	(179,132)	(115,595)
Amortisation of intangible assets	389,607	389,607
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	9,830	7,645
Audit of the financial statements of the company's subsidiaries	19,640	19,000
	<u> </u>	<u> </u>
	29,470	26,645
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	7,465	7,255
	<u> </u>	<u> </u>

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Sales, service and administration	53	62	-	-

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	4,231,113	3,915,788	344,667	318,000
Social security costs	138,648	116,986	124,370	111,466
Pension costs	32,684	35,835	-	-
	4,402,445	4,068,609	469,037	429,466

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	762,534	832,200

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

	2023 £	2022 £
Remuneration for qualifying services	499,200	499,200

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	47,653	-
Other interest income	1,179	11,325
Total income	48,832	11,325

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on finance leases and hire purchase contracts	56,369	298,411
Other interest	88	2,909
Total finance costs	56,457	301,320

10 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	616,690	845,349
Adjustments in respect of prior periods	(15,663)	(22,667)
Total current tax	601,027	822,682
Deferred tax		
Origination and reversal of timing differences	169,752	357,000
Total tax charge	770,779	1,179,682

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	3,282,662	5,017,940
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	672,946	953,409
Tax effect of expenses that are not deductible in determining taxable profit	82,754	76,480
Gains not taxable	93,760	97,270
Change in unrecognised deferred tax assets	(93,039)	(16,890)
Adjustments in respect of prior years	(15,663)	(22,667)
Effect of change in corporation tax rate	(383)	-
Change in deferred tax rates	30,404	92,080
Taxation charge	770,779	1,179,682

11 Dividends

	2023	2022
	£	£
Recognised as distributions to equity holders:		
Final paid	-	807,864

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

12 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 July 2022 and 30 June 2023	7,792,142
Amortisation and impairment	
At 1 July 2022	1,948,035
Amortisation charged for the year	389,607
At 30 June 2023	2,337,642
Carrying amount	
At 30 June 2023	5,454,500
At 30 June 2022	5,844,107
Company	Goodwill
	£
Cost	
At 1 July 2022 and 30 June 2023	7,792,142
Amortisation and impairment	
At 1 July 2022	1,948,035
Amortisation charged for the year	389,607
At 30 June 2023	2,337,642
Carrying amount	
At 30 June 2023	5,454,500
At 30 June 2022	5,844,107

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 July 2022	644,078	228,902	67,003	78,521	39,340,227	40,358,731
Additions	486,200	-	-	8,237	11,727,241	12,221,678
Disposals	-	-	-	-	(7,270,878)	(7,270,878)
At 30 June 2023	1,130,278	228,902	67,003	86,758	43,796,590	45,309,531
Depreciation and impairment						
At 1 July 2022	-	92,165	39,589	33,546	15,829,807	15,995,107
Depreciation charged in the year	-	23,913	6,853	11,929	6,719,840	6,762,535
Eliminated in respect of disposals	-	-	-	-	(4,246,277)	(4,246,277)
At 30 June 2023	-	116,078	46,442	45,475	18,303,370	18,511,365
Carrying amount						
At 30 June 2023	1,130,278	112,824	20,561	41,283	25,493,220	26,798,166
At 30 June 2022	644,078	136,737	27,414	44,975	23,510,420	24,363,624

Company	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2022	644,078	211,902	67,003	39,340,227	40,263,210
Additions	486,200	-	-	11,727,241	12,213,441
Disposals	-	-	-	(7,270,878)	(7,270,878)
At 30 June 2023	1,130,278	211,902	67,003	43,796,590	45,205,773
Depreciation and impairment					
At 1 July 2022	-	86,056	39,589	15,829,807	15,955,452
Depreciation charged in the year	-	21,190	6,853	6,719,840	6,747,883
Eliminated in respect of disposals	-	-	-	(4,246,277)	(4,246,277)
At 30 June 2023	-	107,246	46,442	18,303,370	18,457,058
Carrying amount					
At 30 June 2023	1,130,278	104,656	20,561	25,493,220	26,748,715
At 30 June 2022	644,078	125,846	27,414	23,510,420	24,307,758

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £	2022 £	Company 2023 £	2022 £
Motor vehicles	6,858,830	11,940,850	6,858,830	11,940,850

14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	551	551

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 July 2022 and 30 June 2023

551

Carrying amount

At 30 June 2023

551

At 30 June 2022

551

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

15 Subsidiaries

Details of the company's subsidiaries at 30 June 2023 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
NL Commercials (Leeds) Limited	Vehicle hire	Ordinary	100.00	-
NL Commercials (St Helens) Limited	Vehicle hire	Ordinary	100.00	-
NL Commercials (Wakefield) Limited	Vehicle hire	Ordinary	100.00	-
NL Commercials Darlington Limited	Vehicle hire	Ordinary	100.00	-
NL Commercials Management Limited	Supply of employment services	Ordinary	100.00	-
Pro Vans Yorkshire Limited	Vehicle sales	Ordinary	51.00	-

Registered Office address:

The registered office of all subsidiaries is Rouse Mill, Rouse Mill Lane, Batley, WF17 5QB.

16 Debtors

	Group 2023	2022	Company 2023	2022
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,950,085	1,889,383	89,073	355,672
Corporation tax recoverable	73,226	280,104	71,036	278,680
Amounts owed by group undertakings	-	-	532,050	707,050
Other debtors	290,678	470,061	243,276	217,248
Prepayments and accrued income	111,165	146,288	1,214,790	1,127,056
	<u>2,425,154</u>	<u>2,785,836</u>	<u>2,150,225</u>	<u>2,685,706</u>

Amounts due from group undertakings are interest free and repayable on demand.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

17 Creditors: amounts falling due within one year

		Group 2023	2022	Company 2023	2022
	Notes	£	£	£	£
Obligations under finance leases	19	3,462,916	5,135,330	3,462,916	5,135,330
Other borrowings		499,200	499,200	-	-
Trade creditors		852,664	907,176	2,488,428	1,652,936
Amounts owed to group undertakings		-	-	1,170,871	1,503,797
Corporation tax payable		34,048	59,661	-	-
Other taxation and social security		291,996	459,609	20,202	264,777
Other creditors		1,363	98,563	629	97,511
Accruals and deferred income		118,538	303,858	13,450	220,472
		<u>5,260,725</u>	<u>7,463,397</u>	<u>7,156,496</u>	<u>8,874,823</u>

Obligations under finance leases are secured on the assets to which they relate.

Amounts due to group undertakings are interest free and repayable on demand.

18 Creditors: amounts falling due after more than one year

		Group 2023	2022	Company 2023	2022
	Notes	£	£	£	£
Obligations under finance leases	19	<u>1,161,096</u>	<u>1,499,125</u>	<u>1,161,096</u>	<u>1,499,125</u>

Obligations under finance leases are secured on the assets to which they relate.

19 Finance lease obligations

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	3,462,916	5,135,330	3,462,916	5,135,330
In two to five years	1,161,096	1,499,125	1,161,096	1,499,125
	<u>4,624,012</u>	<u>6,634,455</u>	<u>4,624,012</u>	<u>6,634,455</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

20 Provisions for liabilities

	Group 2023 £	2022 £	Company 2023 £	2022 £
Settlement of pension liability	919,200	1,418,400	-	-
Movements on provisions:				
				Settlement of pension liability
Group				£
At 1 July 2022				1,418,400
Utilisation of provision				(499,200)
At 30 June 2023				919,200

The company operated a defined benefit scheme for certain employees. This was closed in a prior period and a full and final settlement for £2,500,000 was agreed with the employees. This is disclosed as a provision in the accounts with the element due within a year shown within other creditors in the note above.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Group		
Accelerated capital allowances	1,016,252	846,500
	Liabilities 2023 £	Liabilities 2022 £
Company		
Accelerated capital allowances	1,016,252	846,500

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

21 Deferred taxation (Continued)

	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 July 2022	846,500	846,500
Charge to profit or loss	169,752	169,752
Liability at 30 June 2023	<u>1,016,252</u>	<u>1,016,252</u>

Of the deferred tax liability set out above, £730,000 is expected to reverse within 12 months and relates to accelerated capital allowances net of losses and other deductions.

22 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>32,684</u>	<u>35,835</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

Group and company	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary 'A' shares of 1p each	13,000,551	13,000,551	130,005	130,005
Ordinary 'B' shares of 1p each	13,000,551	13,000,551	130,005	130,005
	<u>26,001,102</u>	<u>26,001,102</u>	<u>260,010</u>	<u>260,010</u>

The rights of the 'A' shares is that they have 1 vote per share and carry all of the capital rights of up to the first £50m and then rank equally with the 'B' shares thereafter.

The rights of the 'B' shares is that they have 1 vote per every 5 shares held and carry none of the capital rights up to the first £50m and then rank equally with the 'A' shares thereafter.

24 Financial commitments, guarantees and contingent liabilities

There is a cross guarantee between NL Commercials Holdings Limited, NL Commercials (Wakefield) Limited, NL Commercials (Leeds) Limited, NL Commercials Darlington Limited and NL Commercials (St Helens) Limited.

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

25 Operating lease commitments

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	21,600	21,600	-	-
Between two and five years	86,400	86,400	-	-
In over five years	295,200	316,800	-	-
	<u>403,200</u>	<u>424,800</u>	<u>-</u>	<u>-</u>

26 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2023 £	Sales 2022 £
Group		
Entities over which the group has control, joint control or significant influence	4,947,109	6,296,124
Other related parties	<u>15,064</u>	<u>15,361</u>

	Purchases & charges 2023 £	2022 £
Group		
Other related parties	<u>220,000</u>	<u>40,000</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 £	2022 £
Group		
Other related parties	<u>363,148</u>	<u>23,283</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023 Balance £	2022 Balance £
Group		
Entities over which the group has control, joint control or significant influence	<u>169,380</u>	<u>131,752</u>

NL COMMERCIALS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

27 Directors' transactions

Rents of £144,000 (2022: £144,000) were invoiced during the year to the group from N L Property Services, a sole trader business owned by Nigel Lella.

Advances or credits have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amount advanced £	Interest charged £	Closing balance £
Mr Nigel Lella - Loan account	2.00	(97,507)	121,901	134	24,528
		(97,507)	121,901	134	24,528

28 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	2,511,883	3,838,258
Adjustments for:		
Taxation charged	770,779	1,179,682
Finance costs	56,457	301,320
Investment income	(48,832)	(11,325)
Gain on disposal of tangible fixed assets	(179,132)	(115,595)
Amortisation and impairment of intangible assets	389,607	389,607
Depreciation and impairment of tangible fixed assets	6,762,535	7,273,918
Movements in working capital:		
Decrease in debtors	50,071	453,272
Decrease in creditors	(504,645)	(658,057)
Cash generated from operations	9,808,723	12,151,880

29 Analysis of changes in net debt - group

	1 July 2022 £	Cash flows £	New finance leases £	30 June 2023 £
Cash at bank and in hand	4,667,996	(2,042,519)	-	2,625,477
Borrowings excluding overdrafts	(499,200)	-	-	(499,200)
Obligations under finance leases	(6,634,455)	5,840,344	(3,829,901)	(4,624,012)
	(2,465,659)	3,797,825	(3,829,901)	(2,497,735)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.