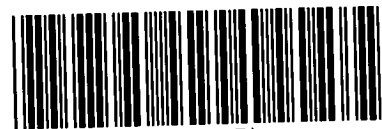


REGISTERED NUMBER: 00469608 (England and Wales)

**STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022  
FOR  
CARWOOD MOTOR UNITS LIMITED**

TUESDAY



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for the year ended 31 August 2022**

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**CARWOOD MOTOR UNITS LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31 August 2022**

**DIRECTORS:**

G.R. Carter  
K.P. Mulholland  
D.N. Hopkins  
N.W. Pond  
A.C. Baird  
S.J. Quantrell

**SECRETARY:**

N.W. Pond

**REGISTERED OFFICE:**

23 Herald Way  
Binley Industrial Estate  
Coventry  
Warwickshire  
CV3 2RQ

**REGISTERED NUMBER:**

00469608 (England and Wales)

**AUDITORS:**

Dafferns LLP  
One Eastwood  
Harry Weston Road  
Binley Business Park  
Coventry  
CV3 2UB

**STRATEGIC REPORT  
for the year ended 31 August 2022**

The directors present their strategic report for the year ended 31 August 2022.

**REVIEW OF BUSINESS**

The Company operated from its main production units in Coventry and Birmingham, supported by its other production units in Nottingham, Yeovil and Telford. The Company continues to invest in both physical assets and its employees. Considerable time is spent in identifying cost reduction activities and efficiencies to benefit both the Company and its customers.

All sites occupied by the Company are maintained to a high standard, the production unit at Birmingham maintains its ISO14644-1 class 7 clean room standard. Quality remains a key element of the Company's processes. The Company maintains its ISO accreditation, both 9001.2015 and 14001.2015.

Demand has remained strong for all remanufactured product ranges. The Company has continued to look for innovative, effective ways to increase production volumes in response to the high demand. To complement the high demand the Company has taken on more apprentices and is looking to expand its existing apprentice programs. In addition, the Company has invested in its existing sites expanding production capacity both at Coventry and Birmingham. Further expansion at Ollerton and Telford is planned in the new year.

Defence demand has grown especially with the impact of the crisis in the Ukraine. The Company has continued to be awarded new business. The Company goal of providing remanufacture solutions to the widest range of products with the highest levels of quality assurance continues. This goal helps customers reduce their costs and reduces the cost to the environment.

Costs continued to be carefully controlled. Where possible, supplier material price increases are passed on to Customers. Where contracts have fixed pricing the Company has mitigated rising price risks by purchasing forward and holding more stock. Such a policy is only possible thanks to the careful husbanding of cash during profitable earlier years.

Bank balances remain strong with a balance of £19,717,859.

The Company continues to look for further potential acquisitions which could provide suitable "value for money" business opportunities providing a natural fit with our existing business interests.

**STRATEGIC REPORT**  
for the year ended 31 August 2022

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the Company and the factors mitigating against these risks are as follows:

**RISK**

**MITIGATING FACTOR**

Trade receivables

The Company insures its customer base as a matter of policy. This enables Carwood to be notified of any change in customer payment habits and protects the Company in event of a customer failure. Customers are proactively contacted for payment. Statements are sent to all customers each month.

Cost price fluctuations

Cost increases are challenged. If not possible to reduce selling prices are increased.

Supplier failure

The Company undertakes financial health checks on new suppliers where payment in advance is required. In addition, Carwood has a wide supplier base which continues to expand as more products are added to its portfolio and holds stocks of key components to mitigate against delays in supply.

Financial liquidity & interest rates

Carwood continues to avoid borrowings. The existing reserves are well placed to take advantage of acquisition opportunities which arise.

Properties

Carwood continues its policy of leasing the main sites it occupies on 10 year terms. Carwood invests heavily in maintaining the buildings it occupies ensuring all sites are kept clean, tidy, up to date with legislation and efficiently laid out for its processes.

People

Carwood has around 250 staff at 5 main locations. In order to keep key personnel Carwood has a detailed Employee Handbook, documented procedures and conducts regular appraisals. Carwood is proud to have many employees on apprenticeship schemes.

IT Systems

Carwood has a company policy of not storing sensitive information outside its own servers kept on site. Non-sensitive information is being stored on UK based cloud systems and kept under review. Back-ups are maintained across the Company's locations. Carwood has increased its security measures and now has additional online backup. Cyber Essentials plus status has been maintained.

**STRATEGIC REPORT  
for the year ended 31 August 2022**

**SECTION 172(1) STATEMENT**

Each director must act in a way they consider, in good faith, most likely to promote the success of the company. This has been done and is evidenced through employee reviews, monthly management meetings, board meetings and business action plan. Decisions made have considered:

- Likely long term consequences;
- Employee interests;
- Business relationship with suppliers, customers and wider community;
- The impact of operations on local area and environment;
- The desire to maintain our strong reputation for high standards in business conduct;
- The need to act between Company members.

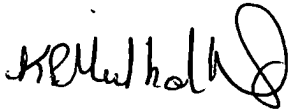
**FUTURE DEVELOPMENTS AND RESEARCH & DEVELOPMENT**

The Company continues to invest in its facilities and capabilities across all sites. In addition, a considerable amount of time is allocated to Research and Development projects concerning remanufacture and technical services.

**KEY PERFORMANCE INDICATORS**

Cash balance and cash generation remain the key performance indicators for the business. ROCE including all assets has moved from 20.7% to 37.3%.

**ON BEHALF OF THE BOARD:**



K.P. Mulholland - Director

31 January 2023

**REPORT OF THE DIRECTORS  
for the year ended 31 August 2022**

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

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were those of the provision of automotive technical service and remanufacturing facilities covering fuelling, turbo chargers, auto-electrical, air conditioning and heating systems and plant repairs/major overhauls, complemented by the distribution of specialised components for commercial vehicles, buses, military vehicles, heavy plant and light vehicles.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 August 2022 will be £20,000,000 (2021: £133,000).

**FUTURE DEVELOPMENTS**

Future developments have been detailed in the strategic report in accordance with s414C(11) CA 2006.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 September 2021 to the date of this report.

G.R. Carter  
K.P. Mulholland  
D.N. Hopkins  
N.W. Pond  
A.C. Baird  
S.J. Quantrell

**DIRECTORS INDEMNITY INSURANCE**

During the year the company provided indemnity insurance for its directors.

**STREAMLINED ENERGY AND CARBON REPORTING**

CO<sub>2</sub> emissions are a point of focus for all businesses. Regulatory reviews including the Energy Savings Opportunity Scheme (ESOS) and other specific reports have assisted the Company in identifying improvements to reduce CO<sub>2</sub> emissions. Improvements initiated by the Company include continuing to invest in our facilities ensuring old inefficient equipment is replaced where needed.

During the year the calculated CO<sub>2</sub> emissions for the business were 532,078 kg from Electricity, Gas and own transport. This gives a ratio of Kg of CO<sub>2</sub> per £ of turnover of 0.011 for the year (prior year 0.013).

The methodology for calculating the CO<sub>2</sub> emissions was:

- Annual Electricity consumption 803,544 x UK Govt 2022 conversion factor 0.193 gives 155,083 (last year 172,932) kg CO<sub>2</sub>;
- Annual Gas consumption 55,051 cubic meters equates to 611,452kwh x UK Govt 2022 conversion factor 0.183 gives 111,896 (last year 138,297) kg CO<sub>2</sub>;
- Annual purchases of diesel for transport 105,617 litres converts at x 10 to 1,056,170kwh and converts at x 2.51 to 265,099 (last year 300,831) kg CO<sub>2</sub>.

**REPORT OF THE DIRECTORS  
for the year ended 31 August 2022**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

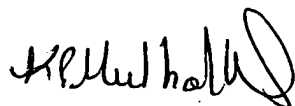
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



K.P. Mulholland - Director

31 January 2023

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CARWOOD MOTOR UNITS LIMITED**

### **Opinion**

We have audited the financial statements of Carwood Motor Units Limited (the 'company') for the year ended 31 August 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CARWOOD MOTOR UNITS LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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:

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CARWOOD MOTOR UNITS 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 a Report of the Auditors 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.



Geoffrey Cox BA FCA (Senior Statutory Auditor)  
for and on behalf of Dafferns LLP  
One Eastwood  
Harry Weston Road  
Binley Business Park  
Coventry  
CV3 2UB

Date: 31 January 2023

**CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)**

**STATEMENT OF COMPREHENSIVE  
INCOME  
for the year ended 31 August 2022**

	Notes	2022 £	2021 £
<b>TURNOVER</b>	3	48,860,076	44,941,198
Changes in stocks of finished goods and work in progress		1,576,749	1,225,111
		<u>50,436,825</u>	<u>46,166,309</u>
Other operating income		2,361	113,500
		<u>50,439,186</u>	<u>46,279,809</u>
Raw materials and consumables		(30,641,233)	(28,074,046)
Other external expenses		(203,449)	(30,289)
		<u>19,594,504</u>	<u>18,175,474</u>
Staff costs	4	(8,846,157)	(8,240,792)
Depreciation		(416,833)	(407,832)
Other operating expenses		(3,272,349)	(2,610,722)
		<u>7,059,165</u>	<u>6,916,128</u>
<b>OPERATING PROFIT</b>	5	7,059,165	6,916,128
Interest receivable and similar income		262,462	860,003
		<u>7,321,627</u>	<u>7,776,131</u>
<b>PROFIT BEFORE TAXATION</b>		7,321,627	7,776,131
Tax on profit	6	(1,273,148)	(1,270,037)
		<u>6,048,479</u>	<u>6,506,094</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		6,048,479	6,506,094
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>6,048,479</u></u>	<u><u>6,506,094</u></u>

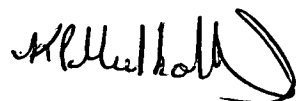
The notes form part of these financial statements

**CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)**

**BALANCE SHEET  
31 August 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Intangible assets	8	4,500	44,140
Tangible assets	9	1,306,622	859,867
Investments	10	213	213
		<u>1,311,335</u>	<u>904,220</u>
 <b>CURRENT ASSETS</b>			
Stocks	11	6,922,112	5,345,363
Debtors	12	7,165,810	6,562,551
Investments	13	5,155,064	4,918,707
Cash at bank		19,717,859	23,426,677
		<u>38,960,845</u>	<u>40,253,298</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(20,650,960)	(7,729,777)
		<u>18,309,885</u>	<u>32,523,521</u>
<b>NET CURRENT ASSETS</b>			
		<u>19,621,220</u>	<u>33,427,741</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>19,621,220</u>	<u>33,427,741</u>
<b>PROVISIONS FOR LIABILITIES</b>	16	(248,000)	(103,000)
<b>NET ASSETS</b>		<u><u>19,373,220</u></u>	<u><u>33,324,741</u></u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	17	810	810
Share premium	18	58,440	58,440
Capital redemption reserve	18	250	250
Retained earnings	18	19,313,720	33,265,241
		<u>19,373,220</u>	<u>33,324,741</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>19,373,220</u></u>	<u><u>33,324,741</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 January 2023 and were signed on its behalf by:



K.P. Mulholland - Director

The notes form part of these financial statements

**CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)**

**STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 August 2022**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
<b>Balance at 1 September 2020</b>	810	26,892,147	58,440	250	26,951,647
<b>Changes in equity</b>					
Dividends	-	(133,000)	-	-	(133,000)
Total comprehensive income	-	6,506,094	-	-	6,506,094
<b>Balance at 31 August 2021</b>	<u>810</u>	<u>33,265,241</u>	<u>58,440</u>	<u>250</u>	<u>33,324,741</u>
<b>Changes in equity</b>					
Dividends	-	(20,000,000)	-	-	(20,000,000)
Total comprehensive income	-	6,048,479	-	-	6,048,479
<b>Balance at 31 August 2022</b>	<u><u>810</u></u>	<u><u>19,313,720</u></u>	<u><u>58,440</u></u>	<u><u>250</u></u>	<u><u>19,373,220</u></u>

The notes form part of these financial statements

**CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)**

**CASH FLOW STATEMENT  
for the year ended 31 August 2022**

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	5,539,777	6,081,240
Tax paid		<u>(1,418,880)</u>	<u>(1,040,878)</u>
Net cash from operating activities		<u>4,120,897</u>	<u>5,040,362</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(950,206)	(320,893)
Sale of tangible fixed assets		94,386	59,703
Interest received		26,105	12,707
Net cash from investing activities		<u>(829,715)</u>	<u>(248,483)</u>
<b>Cash flows from financing activities</b>			
Loan from group company in year		13,000,000	79
Equity dividends paid		<u>(20,000,000)</u>	<u>(133,000)</u>
Net cash from financing activities		<u>(7,000,000)</u>	<u>(132,921)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(3,708,818)</u>	<u>4,658,958</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>23,426,677</u>	<u>18,767,719</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>19,717,859</u></u>	<u><u>23,426,677</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
for the year ended 31 August 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022 £	2021 £
Profit before taxation	7,321,627	7,776,131
Depreciation charges	448,702	414,803
Profit on disposal of fixed assets	(31,869)	(6,971)
Impairment of investment	31,872	-
Finance income	(262,462)	(860,003)
	<u>7,507,870</u>	<u>7,323,960</u>
Increase in stocks	(1,576,749)	(1,225,111)
Increase in trade and other debtors	(603,259)	(298,197)
Increase in trade and other creditors	211,915	280,588
<b>Cash generated from operations</b>	<u><u>5,539,777</u></u>	<u><u>6,081,240</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2022

	31/8/22 £	1/9/21 £
Cash and cash equivalents	<u>19,717,859</u>	<u>23,426,677</u>

Year ended 31 August 2021

	31/8/21 £	1/9/20 £
Cash and cash equivalents	<u>23,426,677</u>	<u>18,767,719</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/9/21 £	Cash flow £	At 31/8/22 £
<b>Net cash</b>			
Cash at bank	<u>23,426,677</u>	<u>(3,708,818)</u>	<u>19,717,859</u>
	<u>23,426,677</u>	<u>(3,708,818)</u>	<u>19,717,859</u>
<b>Liquid resources</b>			
Current asset investments	<u>4,918,707</u>	<u>236,357</u>	<u>5,155,064</u>
	<u>4,918,707</u>	<u>236,357</u>	<u>5,155,064</u>
<b>Total</b>	<u><u>28,345,384</u></u>	<u><u>(3,472,461)</u></u>	<u><u>24,872,923</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2022**

**1. STATUTORY INFORMATION**

Carwood Motor Units Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Preparation of consolidated financial statements**

The financial statements contain information about Carwood Motor Units Limited as an individual company and do not contain consolidated information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Carwood Holdings Limited, a company registered in England & Wales.

**Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Core surcharge credit note provision is made by estimating the proportion of surcharged product expected to be returned by customers as borne out by experience. The provision at the year end was £1,014,000 (2021: £871,000).

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, typically on dispatch of the goods.

Revenue from the rendering of services is recognised in the period in which the services are provided in accordance with the stage of the service agreement.

**Grant income**

Grant income received from the UK's Coronavirus Job Retention Scheme has been recognised in the period in which the related staff expense was incurred. This income has been recognised in other operating income.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life of three years.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Patents and licences are amortised on a straight line basis to the statement of comprehensive income over an estimated useful life of 10 years.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets are recognised at cost and subsequently measured under the historical cost model being cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any direct expenditure incurred to bring the asset to its current location and condition necessary for the asset to work as intended by management.

Repairs and maintenance costs are charge to the statement of comprehensive income in the period in which they are incurred.

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life.

Short leasehold - Unexpired term  
Plant & equipment - 33.33% straight line and variable rates on reducing balance  
Motor vehicles - 30% - 33.33% reducing balance

Any gains and losses on the disposal of tangible fixed assets are recognised in the statement of comprehensive income in the year that the disposal takes place.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

**Financial instruments**

Basic financial instruments in debtors and creditors with no stated interest rate, and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other administrative expenses.

Other financial assets and liabilities, such as loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022**

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Tangible fixed assets acquired under hire purchase contracts or finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**3. TURNOVER**

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

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sales of goods	47,755,164	44,069,498
Rendering of services	1,104,912	871,700
	<u>48,860,076</u>	<u>44,941,198</u>

A geographical analysis of overseas turnover has not been provided as, in the directors' opinion, it would seriously prejudice the company's interests.

**4. EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	7,714,700	7,240,036
Social security costs	727,202	649,104
Other pension costs	404,255	351,652
	<u>8,846,157</u>	<u>8,240,792</u>

The average number of employees during the year was as follows:

	2022	2021
Office and Management	69	70
Sales and Call Centre	18	19
Warehouse and Drivers	44	42
Production	117	116
	<u>248</u>	<u>247</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022

4. EMPLOYEES AND DIRECTORS - continued

	2022 £	2021 £
Directors' remuneration	742,636	741,313
Directors' pension contributions to money purchase schemes	63,675	33,132
	<u>          </u>	<u>          </u>

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

Money purchase schemes	4	4
	<u>          </u>	<u>          </u>

Information regarding the highest paid director is as follows:

	2022 £	2021 £
Emoluments etc	182,014	176,922
Pension contributions to money purchase schemes	8,535	7,417
	<u>          </u>	<u>          </u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Hire of plant and machinery	32,411	28,772
Depreciation - owned assets	440,934	336,603
Profit on disposal of fixed assets	(31,869)	(6,971)
Goodwill amortisation	6,868	77,300
Patents and licences amortisation	900	900
Auditors' remuneration	12,200	11,650
Auditors' remuneration - tax compliance	4,000	3,800
Auditors' remuneration - other non audit services	11,900	11,370
Operating lease rentals	461,440	405,998
Research and development	562,000	562,000
Foreign exchange differences	4,401	23,365
	<u>          </u>	<u>          </u>

6. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	1,145,000	1,350,000
Adjustments for previous periods	(16,852)	(89,963)
	<u>          </u>	<u>          </u>
Total current tax	1,128,148	1,260,037
Deferred tax	145,000	10,000
	<u>          </u>	<u>          </u>
Tax on profit	1,273,148	1,270,037
	<u>          </u>	<u>          </u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022

6. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	7,321,627	7,776,131
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,391,109	1,477,465
Effects of:		
Expenses not deductible for tax purposes	8,514	17,243
Adjustments to tax charge in respect of previous periods	(16,852)	(89,963)
Deferred tax rate and rounding differences	562	(1,830)
Research & development enhancement	(127,029)	(132,878)
Superdeductions	(42,586)	-
Deferred tax rate change	59,430	-
Total tax charge	1,273,148	1,270,037

7. DIVIDENDS

	2022 £	2021 £
Interim	20,000,000	133,000

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Totals £
<b>COST</b>			
At 1 September 2021	232,000	9,000	241,000
Impairments	(31,872)	-	(31,872)
At 31 August 2022	200,128	9,000	209,128
<b>AMORTISATION</b>			
At 1 September 2021	193,260	3,600	196,860
Amortisation for year	6,868	900	7,768
At 31 August 2022	200,128	4,500	204,628
<b>NET BOOK VALUE</b>			
At 31 August 2022	-	4,500	4,500
At 31 August 2021	38,740	5,400	44,140

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant & equipment £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 September 2021	500,995	4,443,111	499,177	5,443,283
Additions	-	759,646	190,560	950,206
Disposals	-	(45,045)	(117,343)	(162,388)
At 31 August 2022	500,995	5,157,712	572,394	6,231,101
<b>DEPRECIATION</b>				
At 1 September 2021	500,995	3,782,146	300,275	4,583,416
Charge for year	-	325,515	115,419	440,934
Eliminated on disposal	-	(16,217)	(83,654)	(99,871)
At 31 August 2022	500,995	4,091,444	332,040	4,924,479
<b>NET BOOK VALUE</b>				
At 31 August 2022	-	1,066,268	240,354	1,306,622
At 31 August 2021	-	660,965	198,902	859,867

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in joint venture £	Totals £
<b>COST</b>			
At 1 September 2021 and 31 August 2022	212	1	213
<b>NET BOOK VALUE</b>			
At 31 August 2022	212	1	213
At 31 August 2021	212	1	213

The company holds interests in the issued share capital of the following companies:-

<u>Name of Company</u>	<u>Holding</u>	<u>Principal activity</u>
Carwood BDS Limited	77.5%	Dormant
Carwood Diesel Systems Limited	100%	Dormant
Reman (UK) Limited	100%	Dormant
Diesel Injection (UK) Limited	100%	Dormant
Carwood Defence Limited	100%	Dormant
Brise Ltd	100%	Dormant
<b><u>Joint Venture</u></b>		
Carwood Van Kappel Limited	50%	Dormant

The registered office address for the above company's to whom Carwood Motor Units Limited is the parent company can be found on the Company information page.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022**

**11. STOCKS**

	2022	2021
	£	£
Finished goods	<u>6,922,112</u>	<u>5,345,363</u>

An impairment charge of £312,620 (2021: £42,718) was recognised in raw materials and consumables and changes in stock during the year due to slow-moving and obsolete stock.

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	7,039,696	6,442,853
Other debtors	15,600	15,600
Prepayments and accrued income	110,514	104,098
	<u>7,165,810</u>	<u>6,562,551</u>

**13. CURRENT ASSET INVESTMENTS**

	2022	2021
	£	£
Investment bond	<u>5,155,064</u>	<u>4,918,707</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade creditors	4,238,093	4,073,032
Amounts owed to group undertakings	13,016,168	16,168
Tax	444,207	734,939
Social security and other taxes	228,408	571,716
Other creditors	11,206	17,941
Accrued expenses	2,712,878	2,315,981
	<u>20,650,960</u>	<u>7,729,777</u>

**15. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	415,241	388,603
Between one and five years	1,103,577	896,631
In more than five years	-	46,419
	<u>1,518,818</u>	<u>1,331,653</u>

**16. PROVISIONS FOR LIABILITIES**

	2022	2021
	£	£
Deferred tax	<u>248,000</u>	<u>103,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022**

**16. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Balance at 1 September 2021	103,000
Charge to Statement of Comprehensive Income during year	145,000
	<u>248,000</u>
Balance at 31 August 2022	<u>248,000</u>

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value: £1	2022 £	2021 £
810	Ordinary		<u>810</u>	<u>810</u>

**18. RESERVES**

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 September 2021	33,265,241	58,440	250	33,323,931
Profit for the year	6,048,479	-	-	6,048,479
Dividends	(20,000,000)	-	-	(20,000,000)
	<u>19,313,720</u>	<u>58,440</u>	<u>250</u>	<u>19,372,410</u>

Retained earnings - includes all current and prior periods retained profits and losses.

Share premium - includes any premiums received on issue of share capital.

Capital redemption reserve - represents the nominal value of shares bought back by the company in the current and prior periods.

**19. PENSION COMMITMENTS**

The company operates a defined contribution scheme for employees and contributes to the personal pension schemes of other employees. Contributions to the scheme during the year amounting to £404,255 (2021: £351,652) have been charged to the profit and loss account. At 31 August 2022, pension contributions of £57,970 (2021: £51,874) were outstanding to the pension scheme.

**20. RELATED PARTY DISCLOSURES**

During the year the company paid rent totalling £90,000 (2021: £88,256) to Mr G. Carter's Self Invested Personal Pension.

Key management personnel compensation in the year totalled £897,874 (2021 - £856,587).

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 August 2022**

**21. ULTIMATE CONTROLLING PARTY**

The company is a wholly owned subsidiary of Carwood Limited.

The ultimate parent company is Carwood Holdings Limited, and the largest and smallest group financial statements that consolidate this company.

The company is under the control of K.P. Mulholland, a director and majority shareholder of Carwood Holdings Limited.

Group accounts are available from the company's registered office.