

REGISTERED NUMBER: 00469608 (England and Wales)

**STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023
FOR
CARWOOD MOTOR UNITS LIMITED**

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for the year ended 31 August 2023**

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CARWOOD MOTOR UNITS LIMITED

COMPANY INFORMATION
for the year ended 31 August 2023

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 2023**

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

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 at Coventry and at Ollerton. A new site has been opened up at Telford in addition to the existing facility. At Birmingham the company has expanded its cleaning and component assessment areas and is currently redecorating the whole site.

Defence demand has grown especially with the continuing 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 £15,264,784.

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 2023

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 288 staff at 6 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 and also with a cloud UK based provider. Carwood continues to increase its security measures. Cyber Essentials plus status has been maintained.

STRATEGIC REPORT
for the year ended 31 August 2023

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.

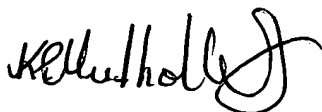
FUTURE DEVELOPMENTS AND RESEARCH & DEVELOPMENT

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 21.6% to 25.2%.

ON BEHALF OF THE BOARD:



K.P. Mulholland - Director

30 January 2024

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**REPORT OF THE DIRECTORS
for the year ended 31 August 2023**

The directors present their report with the financial statements of the company for the year ended 31 August 2023.

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, plant repairs/major overhauls and whole engine remanufacture, 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 2023 will be £12,000,000 (2022: £20,000,000).

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 2022 to the date of this report.

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

POLITICAL DONATIONS AND EXPENDITURE

All donations in the year were to UK charities. There were no political donations.

DIRECTORS INDEMNITY INSURANCE

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

ENGAGEMENT WITH EMPLOYEES

The Company has engaged with employees, initiating a quarterly update briefing that is held at all sites by a senior Director. This briefing makes employees aware of Company overall performance against budget and specific Branch level performance. Relevant matters concerning benefits, workplace improvements and general Company expansion plans are explained at these meetings. A suggestion box initiative has been launched across all sites and feed back on these is provided at the quarterly briefings.

DISABLED EMPLOYEES

The Company has precise guidance for employment and continued employment of disabled persons within its policy and management guidelines. Regardless of type of ill health the Company regularly uses the professional skills of occupational health therapists in order to assist employees continue work despite ill health. Additional support for employees is facilitated through the Company's relationship with BEN. BEN is an automotive industry Charity which offers FOC support for automotive employees on a number of subjects including finance/debt support, mental health, physical health and general wellbeing.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

To be successful the Company has continued to strive to meet with suppliers, customers and other interested parties on a regular basis at all relevant levels.

STREAMLINED ENERGY AND CARBON REPORTING

CO2 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 CO2 emissions. Improvements initiated by the Company include continuing to invest in our facilities ensuring old inefficient equipment is replaced where needed.

**REPORT OF THE DIRECTORS
for the year ended 31 August 2023**

During the year the calculated CO2 emissions for the business were 544,215 kg from Electricity, Gas and own transport. This gives a ratio of Kg of CO2 per £ of turnover of 0.010 for the year (prior year 0.011).

The methodology for calculating the CO2 emissions was:

- Annual Electricity consumption 827,279 x UK Govt 2023 conversion factor 0.207 gives 171,247 (last year restated 167,227) kg CO2;
- Annual Gas consumption 50,585 cubic meters equates to 573,128kwh x UK Govt 2023 conversion factor 0.180 gives 103,163 (last year 112,270) kg CO2;
- Annual purchases of diesel for transport 107,492 litres converts at x 10 to 1,074,920kwh and converts at x 2.51 to 269,805 (last year 265,099) kg CO2.

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

30 January 2024

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 2023 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- 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. 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: 30 January 2024

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**STATEMENT OF COMPREHENSIVE
INCOME
for the year ended 31 August 2023**

	Notes	2023 £	2022 £
TURNOVER	3	56,843,171	48,860,076
Changes in stocks of finished goods and work in progress		2,096,851	1,576,749
		<u>58,940,022</u>	<u>50,436,825</u>
Other operating income		-	2,361
		<u>58,940,022</u>	<u>50,439,186</u>
Raw materials and consumables		(36,055,547)	(30,641,233)
Other external expenses		(368,022)	(203,449)
		<u>22,516,453</u>	<u>19,594,504</u>
Staff costs	4	(9,949,165)	(8,846,157)
Depreciation		(560,447)	(416,833)
Other operating expenses		(3,999,914)	(3,272,349)
		<u>8,006,927</u>	<u>7,059,165</u>
OPERATING PROFIT	5	8,006,927	7,059,165
Interest receivable and similar income		236,032	262,462
		<u>8,242,959</u>	<u>7,321,627</u>
Interest payable and similar expenses	6	(110,060)	-
PROFIT BEFORE TAXATION		8,132,899	7,321,627
Tax on profit	7	(1,550,142)	(1,273,148)
PROFIT FOR THE FINANCIAL YEAR		<u>6,582,757</u>	<u>6,048,479</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>6,582,757</u></u>	<u><u>6,048,479</u></u>

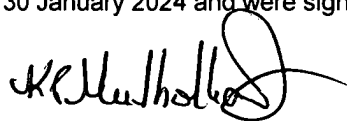
The notes form part of these financial statements

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**BALANCE SHEET
31 August 2023**

	Notes	2023 £	2022 £
FIXED ASSETS			
Intangible assets	9	3,600	4,500
Tangible assets	10	1,425,955	1,306,622
Investments	11	213	213
		<u>1,429,768</u>	<u>1,311,335</u>
CURRENT ASSETS			
Stocks	12	9,018,963	6,922,112
Debtors	13	10,646,943	7,165,810
Investments	14	5,045,004	5,155,064
Cash at bank		15,264,784	19,717,859
		<u>39,975,694</u>	<u>38,960,845</u>
CREDITORS			
Amounts falling due within one year	15	(27,167,485)	(20,650,960)
		<u>12,808,209</u>	<u>18,309,885</u>
NET CURRENT ASSETS			
		<u>14,237,977</u>	<u>19,621,220</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>14,237,977</u>	<u>19,621,220</u>
PROVISIONS FOR LIABILITIES	17	(282,000)	(248,000)
		<u>13,955,977</u>	<u>19,373,220</u>
NET ASSETS			
		<u><u>13,955,977</u></u>	<u><u>19,373,220</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	810	810
Share premium	19	58,440	58,440
Capital redemption reserve	19	250	250
Retained earnings	19	13,896,477	19,313,720
		<u>13,955,977</u>	<u>19,373,220</u>
SHAREHOLDERS' FUNDS			
		<u><u>13,955,977</u></u>	<u><u>19,373,220</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 January 2024 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 2023**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 September 2021	810	33,265,241	58,440	250	33,324,741
Changes in equity					
Dividends	-	(20,000,000)	-	-	(20,000,000)
Total comprehensive income	-	6,048,479	-	-	6,048,479
Balance at 31 August 2022	<u>810</u>	<u>19,313,720</u>	<u>58,440</u>	<u>250</u>	<u>19,373,220</u>
Changes in equity					
Dividends	-	(12,000,000)	-	-	(12,000,000)
Total comprehensive income	-	6,582,757	-	-	6,582,757
Balance at 31 August 2023	<u><u>810</u></u>	<u><u>13,896,477</u></u>	<u><u>58,440</u></u>	<u><u>250</u></u>	<u><u>13,955,977</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 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	4,783,938	5,539,777
Tax paid		<u>(1,294,165)</u>	<u>(1,418,880)</u>
Net cash from operating activities		<u>3,489,773</u>	<u>4,120,897</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(766,679)	(950,206)
Sale of tangible fixed assets		87,799	94,386
Interest received		236,032	26,105
Net cash from investing activities		<u>(442,848)</u>	<u>(829,715)</u>
Cash flows from financing activities			
Loan from group company in year		4,500,000	13,000,000
Equity dividends paid		<u>(12,000,000)</u>	<u>(20,000,000)</u>
Net cash from financing activities		<u>(7,500,000)</u>	<u>(7,000,000)</u>
Decrease in cash and cash equivalents		<u>(4,453,075)</u>	<u>(3,708,818)</u>
Cash and cash equivalents at beginning of year	2	<u>19,717,859</u>	<u>23,426,677</u>
Cash and cash equivalents at end of year	2	<u><u>15,264,784</u></u>	<u><u>19,717,859</u></u>

The notes form part of these financial statements

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 August 2023**

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

	2023	2022
	£	£
Profit before taxation	8,132,899	7,321,627
Depreciation charges	583,790	448,702
Profit on disposal of fixed assets	(23,343)	(31,869)
Impairment of investment	-	31,872
Finance costs	110,060	-
Finance income	(236,032)	(262,462)
	<u>8,567,374</u>	<u>7,507,870</u>
Increase in stocks	(2,096,851)	(1,576,749)
Increase in trade and other debtors	(3,481,133)	(603,259)
Increase in trade and other creditors	1,794,548	211,915
	<u>4,783,938</u>	<u>5,539,777</u>
Cash generated from operations	<u><u>4,783,938</u></u>	<u><u>5,539,777</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 2023

	31/8/23	1/9/22
	£	£
Cash and cash equivalents	15,264,784	19,717,859
	<u>15,264,784</u>	<u>19,717,859</u>

Year ended 31 August 2022

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

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/9/22	Cash flow	At 31/8/23
	£	£	£
Net cash			
Cash at bank	19,717,859	(4,453,075)	15,264,784
	<u>19,717,859</u>	<u>(4,453,075)</u>	<u>15,264,784</u>
Liquid resources			
Current asset investments	5,155,064	(110,060)	5,045,004
	<u>5,155,064</u>	<u>(110,060)</u>	<u>5,045,004</u>
Total	<u><u>24,872,923</u></u>	<u><u>(4,563,135)</u></u>	<u><u>20,309,788</u></u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2023

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 £991,000 (2022: £1,014,000).

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.

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 2023

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 2023

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:

	2023 £	2022 £
Sales of goods	55,778,405	47,755,164
Rendering of services	1,064,766	1,104,912
	<u>56,843,171</u>	<u>48,860,076</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

	2023 £	2022 £
Wages and salaries	8,649,298	7,714,700
Social security costs	912,261	727,202
Other pension costs	387,606	404,255
	<u>9,949,165</u>	<u>8,846,157</u>

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

	2023	2022
Office and Management	71	69
Sales and Call Centre	20	18
Warehouse and Drivers	48	44
Production	128	117
	<u>267</u>	<u>248</u>

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2023**

4. EMPLOYEES AND DIRECTORS - continued

	2023	2022
	£	£
Directors' remuneration	822,046	742,636
Directors' pension contributions to money purchase schemes	42,926	63,675
	<u> </u>	<u> </u>

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

Money purchase schemes	<u> </u> 4	<u> </u> 4
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Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	198,078	182,014
Pension contributions to money purchase schemes	8,838	8,535
	<u> </u>	<u> </u>

5. OPERATING PROFIT

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

	2023	2022
	£	£
Hire of plant and machinery	34,480	32,411
Depreciation - owned assets	582,890	440,934
Profit on disposal of fixed assets	(23,343)	(31,869)
Goodwill amortisation	-	6,868
Patents and licences amortisation	900	900
Auditors' remuneration	13,200	12,200
Auditors' remuneration - tax compliance	4,300	4,000
Auditors' remuneration - other non audit services	12,890	11,900
Operating lease rentals	444,906	461,440
Research and development	540,000	562,000
Foreign exchange differences	(27,622)	4,401
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Bond interest	110,060	-
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2023

7. TAXATION

Analysis of the tax charge

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

	2023 £	2022 £
Current tax:		
UK corporation tax	1,530,000	1,145,000
Adjustments for previous periods	(13,858)	(16,852)
Total current tax	<u>1,516,142</u>	<u>1,128,148</u>
Deferred tax	<u>34,000</u>	<u>145,000</u>
Tax on profit	<u><u>1,550,142</u></u>	<u><u>1,273,148</u></u>

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:

	2023 £	2022 £
Profit before tax	<u>8,132,899</u>	<u>7,321,627</u>
Profit multiplied by the standard rate of corporation tax in the UK of 21.515% (2022 - 19%)	1,749,793	1,391,109
Effects of:		
Expenses not deductible for tax purposes	3,977	8,514
Adjustments to tax charge in respect of previous periods	(13,858)	(16,852)
Research & development enhancement	(168,176)	(127,029)
Superdeductions	(25,272)	(42,586)
Deferred tax rate change	3,678	59,992
Total tax charge	<u><u>1,550,142</u></u>	<u><u>1,273,148</u></u>

8. DIVIDENDS

	2023 £	2022 £
Interim	<u><u>12,000,000</u></u>	<u><u>20,000,000</u></u>

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2023**

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 September 2022 and 31 August 2023	200,128	9,000	209,128
AMORTISATION			
At 1 September 2022	200,128	4,500	204,628
Amortisation for year	-	900	900
At 31 August 2023	200,128	5,400	205,528
NET BOOK VALUE			
At 31 August 2023	-	3,600	3,600
At 31 August 2022	-	4,500	4,500

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant & equipment £	Motor vehicles £	Totals £
COST				
At 1 September 2022	500,995	5,157,712	572,394	6,231,101
Additions	-	468,334	298,345	766,679
Disposals	-	(5,000)	(178,819)	(183,819)
At 31 August 2023	500,995	5,621,046	691,920	6,813,961
DEPRECIATION				
At 1 September 2022	500,995	4,091,444	332,040	4,924,479
Charge for year	-	426,786	156,104	582,890
Eliminated on disposal	-	(3,952)	(115,411)	(119,363)
At 31 August 2023	500,995	4,514,278	372,733	5,388,006
NET BOOK VALUE				
At 31 August 2023	-	1,106,768	319,187	1,425,955
At 31 August 2022	-	1,066,268	240,354	1,306,622

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
At 1 September 2022 and 31 August 2023	212	1	213
NET BOOK VALUE			
At 31 August 2023	212	1	213
At 31 August 2022	212	1	213

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2023**

11. FIXED ASSET INVESTMENTS - continued

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

Joint Venture

Carwood Van Kappel Limited	50%	Dormant
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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.

12. STOCKS

	2023	2022
	£	£
Finished goods	9,018,963	6,922,112

An impairment charge of £317,000 (2022: £312,620) was recognised in raw materials and consumables and changes in stock during the year due to slow-moving and obsolete stock.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	10,494,816	7,039,696
Other debtors	15,600	15,600
Prepayments and accrued income	136,527	110,514
	<u>10,646,943</u>	<u>7,165,810</u>

14. CURRENT ASSET INVESTMENTS

	2023	2022
	£	£
Investment bond	5,045,004	5,155,064

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	5,700,318	4,238,093
Amounts owed to group undertakings	17,516,168	13,016,168
Tax	666,184	444,207
Social security and other taxes	458,246	228,408
Other creditors	932	11,206
Accrued expenses	2,825,637	2,712,878
	<u>27,167,485</u>	<u>20,650,960</u>

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2023**

16. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	434,555	415,241
Between one and five years	968,176	1,103,577
In more than five years	233,168	-
	<u>1,635,899</u>	<u>1,518,818</u>

17. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Deferred tax	<u>282,000</u>	<u>248,000</u>
		Deferred tax
		£
Balance at 1 September 2022		248,000
Charge to Statement of Comprehensive Income during year		34,000
Balance at 31 August 2023		<u>282,000</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2023	2022
Number:	Class:	Nominal value:	£	£
810	Ordinary	£1	<u>810</u>	<u>810</u>

19. RESERVES

	Retained earnings	Share premium	Capital redemption reserve	Totals
	£	£	£	£
At 1 September 2022	19,313,720	58,440	250	19,372,410
Profit for the year	6,582,757	-	-	6,582,757
Dividends	(12,000,000)	-	-	(12,000,000)
At 31 August 2023	<u>13,896,477</u>	<u>58,440</u>	<u>250</u>	<u>13,955,167</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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2023**

20. 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 £387,606 (2022: £404,255) have been charged to the profit and loss account. At 31 August 2023, pension contributions of £61,355 (2022: £57,970) were outstanding to the pension scheme.

21. RELATED PARTY DISCLOSURES

During the year the company paid rent totalling £90,000 (2022: £90,000) to Mr G. Carter's Self Invested Personal Pension.

Key management personnel compensation in the year totalled £963,007 (2022: £897,874).

22. 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.