

Bristol Street First Investments Limited

Registered number 00251237

Annual report and financial statements

For the year ended 28 February 2023



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Strategic report

For the year ended 28 February 2023

The Directors present their Strategic Report of Bristol Street First Investments Limited ("the Company") for the year ended 28 February 2023.

Review of business and future developments

Turnover has increased by £51.9m (6.7%) to £823.5m for the year and operating profit has increased by £0.5m (6.3%) to £8.9m. Net assets have decreased by £2.3m (4.6%) to £48.3m as a result of total comprehensive income of £3.7m less dividends of £6.0m paid in the year.

The Directors consider the trading results for the year ended 28 February 2023 to be satisfactory. The profit and loss account for the year is set out on page 6.

The key factors impacting the financial performance for the year ended 28 February 2023 and financial position at 28 February 2023 are consistent with those of the Company's parent, Vertu Motors plc ("the Group"). Accordingly, a review of the financial performance and position of the Group, with details of likely future developments of the Group, which includes the Company, is set out in the Group's annual report which does not form part of this report. The Directors consider it appropriate to prepare the financial statements on the going concern basis, as set out in the Basis of Preparation paragraph in note 1 to these financial statements.

The Company has a number of Key Performance Indicators ("KPI's") by which it monitors its business. These include sales volumes by channel, gross profit per unit and in the after-sales arena, measures such as workshop efficiency and recovery rates. An analysis of these KPI's is set out in the Strategic Report on pages 18-22 of the Group Annual Report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

§172 statement

From the perspective of the Board, as a result of the Group governance structure, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Group Board in relation to both the Group and the Company. The Board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group Board has considered the matters set out in s172 (for the Group and the Company) is set out on pages 4-7 of the Group's annual report, which does not form part of this report.

Approved by the Board and signed on its behalf by:



K Anderson
Director
19 July 2023

Vertu House
Fifth Avenue Business Park
Team Valley
Gateshead
Tyne and Wear
NE11 0XA

Directors' report

For the year ended 28 February 2023

The Directors present their annual report and the financial statements of the Company for the year ended 28 February 2023. The registered number of the Company is 00251237.

Principal activities

The principal activity of the Company is the sale and servicing of motor vehicles.

Review of business and future developments

A review of business and future developments of the Company is given in the Strategic Report on page 1.

Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk, credit risk and interest rate risk. The Directors monitor the risks in order to limit the adverse effects on financial performance by reviewing levels of debt finance and the related finance costs.

Liquidity risk

The Company manages and uses its working capital to ensure that it has sufficient funds for ongoing operations and future investments.

Credit risk

It is the Company's policy to invest cash and assets safely and profitably. To control credit risk, counterparty credit limits are set by reference to published credit ratings. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned in note 14.

Interest rate risk

The Company is exposed to interest rate risk on its bank balance and manufacturer vehicle funding lines. The Directors do not believe this constitutes a significant risk to the business.

Dividends

Dividends of 28.17p per share totalling £6,000,000 were paid in the year to 28 February 2023 (2022: 23.47p per share totalling £5,000,000).

Political donations

The Company did not make any political donations in the year (2022: £Nil).

Directors and Directors' interests

The Directors of the Company during the year and up to the date of signing the financial statements are listed below:

R T Forrester
K Anderson
D Crane
I Harrison

N Loose was the Company Secretary throughout the year ended 28 February 2023.

None of the Directors had a beneficial interest in the share capital of the Company at 28 February 2023.

R T Forrester, D Crane and K Anderson were also directors of the ultimate parent undertaking, Vertu Motors plc ("the Group") throughout the year ended 28 February 2023. The interests in the share capital of the Group of all Directors who served during the year are disclosed in the financial statements of the Group.

Directors' report (continued)

For the year ended 28 February 2023

Colleagues

The Company seeks to fulfil the career aspirations and potential of all colleagues. We want every colleague to enjoy coming to work, feel motivated in everything that they do and to take pride in their contributions to the Company. As the Company expands, the enthusiasm and dedication of our people is a vital factor in the Company's success.

Values

- **Passion**

We are proud of our Company and dedicated to its purpose. We are enthusiastic, enjoy challenges and are eager for success.

- **Respect**

We are friendly and courteous in all our relationships with colleagues, customers and suppliers.

- **Professionalism**

We are reliable and consistent and we excel in the standards and presentation of our people, products and premises.

- **Integrity**

We are trustworthy and honest in all that we say and do and take responsibility for our own actions.

- **Recognition**

We appreciate the endeavours of our colleagues. We praise their achievements and enjoy celebrating their success.

- **Opportunity**

We have a vision of what can be achieved and provide colleagues with personal development, supportive training and exciting career progression.

- **Commitment**

We are all determined to achieve total customer satisfaction by providing a service built on trust.

Employment policies

The Company's aim is to attract and retain the best people in the automotive retail sector while observing best practice in employment policies and procedures through a commitment to:

- Offering equal opportunities in recruitment and promotion;
- The continuous development of all colleagues;
- Encouraging internal promotion;
- Using progressive, consistent and fair selection methods;
- Offering family friendly policies and ensuring colleagues are treated with respect and dignity in an environment where no form of intimidation or harassment is tolerated.

All appointments are made solely on the basis of a person's suitability for a particular post and without reference to gender, age, ethnic origin, religion or (except where it directly affects safety or job performance) disability. The principle of equality also applies to career development opportunities and to our operations, human resources practices and management processes.

Employment of disabled people is considered on merit with regard only to the ability of the applicant to carry out the function required. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so. A colleague becoming disabled would, where appropriate, be offered retraining.

Directors' report (continued)

For the year ended 28 February 2023

Health and safety

The policies of the Group, which includes the Company, on health and safety, as well as goals and controls in place are set out on page 34 in the Vertu Motors plc annual report, which does not form part of this report.

Communication

Whilst individual achievement is always recognised, good teamwork is at the core of how we operate our business. At the heart of this is good communication. Every colleague has a stake in the business and we want everyone to feel that their voice can be heard. The Company utilises many formal and informal channels to achieve this.

s172 statement

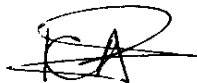
Employees

From the perspective of the Board, as a result of the Group governance structure, the Group Board has taken the lead in carrying out the duties of a Board in respect of the Company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the Company during the financial year). The Board of the Company has also considered the relevant matters where appropriate. An explanation of how the Group Board has carried out these responsibilities (for the Group and the Company) is set out on pages 4-7 of the Group's annual report, which does not form part of this report.

Other Stakeholders

Similarly, from the perspective of the Board, as a result of the Group governance structure, the Group Board has taken the lead in carrying out the duties of the Board in respect of the Company's other stakeholders. The Board of the Company has also considered relevant matters where appropriate. An explanation of how the Directors on the Group Board have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year is set out (for the Group and the Company) on pages 4-7 of the Group's annual report, which does not form part of this report.

Approved by the Board and signed on its behalf by:



K Anderson
Director
19 July 2023
Vertu House
Fifth Avenue Business Park
Team Valley
Gateshead
Tyne and Wear
NE11 0XA

Statement of Directors' responsibilities

For the year ended 28 February 2023

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 period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"), and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Directors' Report and Strategic Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Profit and loss account

For the year ended 28 February 2023

		Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
	Note		
Turnover		823,469	771,611
Cost of sales		(754,608)	(703,894)
Gross profit		68,861	67,717
Distribution costs		(44,115)	(43,020)
Administrative expenses		(15,895)	(16,375)
Operating profit	3	8,851	8,322
Interest receivable and similar income	6	248	124
Interest payable and similar charges	7	(725)	(143)
Profit before taxation		8,374	8,303
Tax on profit	8	(223)	(1,847)
Profit for the financial year		8,151	6,456

All results are derived from continued operations.

The notes on pages 10 to 20 form part of the financial statements.

Statement of Other Comprehensive Income

For the year ended 28 February 2023

		Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
	Note		
Profit for the financial year		8,151	6,456
Other comprehensive (expense)/income:			
Actuarial (loss)/gain for the year	17	(5,973)	2,801
Deferred tax on actuarial loss/(gain) for the year	16	1,493	(700)
Total other comprehensive (expense)/income		(4,480)	2,101
Total comprehensive income for the financial year		3,671	8,557

Balance Sheet

As at 28 February 2023

		28 February 2023 £'000	28 February 2022 £'000
	Note		
Fixed assets			
Goodwill	11	58	78
Tangible assets	12	1,467	1,534
Retirement benefit asset	17	3,188	9,055
		4,713	10,667
Current assets			
Stocks	13	197,103	187,506
Debtors	14	28,302	44,856
Cash at bank and in hand		19,902	32
Total current assets		245,307	232,394
Creditors: amounts falling due within one year	15	(201,297)	(190,806)
Net current assets		44,010	41,588
Total assets less current liabilities		48,723	52,255
Provisions for liabilities	16	(470)	(1,673)
Net assets		48,253	50,582
Capital and reserves			
Called up share capital	18	21,301	21,301
Profit and loss account	19	26,952	29,281
Total shareholders' funds		48,253	50,582

The notes on pages 10 to 20 form part of these financial statements.

For the year ended 28 February 2023 the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

These financial statements were approved by the Board of Directors on 19 July 2023 and were signed on its behalf by:



K Anderson
Director

Statement of Changes in Equity

For the year ended 28 February 2023

	Called up share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
Note			
As at 1 March 2021	21,301	25,724	47,025
Profit for the financial year	-	6,456	6,456
Actuarial gain for the year	17	2,801	2,801
Deferred tax on actuarial gain	-	(700)	(700)
Total comprehensive income for the year	-	8,557	8,557
Dividends paid	9	(5,000)	(5,000)
As at 28 February 2022	21,301	29,281	50,582
Profit for the financial year	-	8,151	8,151
Actuarial loss for the year	17	(5,973)	(5,973)
Deferred tax on actuarial loss	16	1,493	1,493
Total comprehensive income for the year	-	3,671	3,671
Dividends paid	9	(6,000)	(6,000)
As at 28 February 2023	21,301	26,952	48,253

Notes to the Financial Statements

For the year ended 28 February 2023

1. Principal accounting policies

General information

Bristol Street First Investments Limited is a private company limited by shares and it is incorporated in England. The address of its registered office is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, NE11 0XA. The Company's registered number is 00251237.

The principal activity of the Company is the sale and servicing of motor vehicles.

Statement of compliance

The financial statements of Bristol Street First Investments Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions in paragraph 1.12 of FRS 102:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Vertu Motors plc, the ultimate parent company, includes the Company's cash flows;
- from certain financial instruments disclosures, required under FRS 102 paragraphs 11.42 to 11.48(c) and paragraphs 12.26 to 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation as required by FRS 102 paragraph 33.7.

Basis of preparation

The Company is a wholly-owned subsidiary of Vertu Motors plc and is included in the consolidated financial statements of Vertu Motors plc which are publicly available.

The Company has taken the exemption from an audit for the year ended 28 February 2023 by virtue of s479A of Companies Act 2006. In order to allow the Company to take the audit exemption, per s479c of the Companies Act 2006, the parent company Vertu Motors plc has given a statutory guarantee of all the outstanding liabilities of the Company as at 28 February 2023. Such guarantees are enforceable against Vertu Motors plc by any person to whom any such liability is due.

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

In order to prepare the financial statements on the going concern basis, the Directors have considered detailed financial projections for a period of 12 months from the date of signing the financial statements ('Review Period') in respect of the Group, viewed in conjunction with the parent company guarantee noted above. These projections are based on detailed annual business plans, for the year ending 29 February 2024 as well as the known financial performance of the Group in the period subsequent to 28 February 2023, projected forward to cover the Review Period.

Along with other subsidiary companies of the Group, the Company participates in the Group's banking facilities and the Directors have therefore considered cash flow projections of the Group, banking and other working capital facilities available to the Group and the statutory guarantee provided by Vertu Motors plc to the Company as set out above. Details of the Group's banking facilities are set out in note 26 of the Vertu Motors plc consolidated financial statements.

By their very nature forecasts and projections are inherently uncertain, however, the forecasts so prepared show that the Group will operate within its committed facilities throughout the Review Period.

The principal accounting policies, which have been consistently applied throughout the year and the preceding year, are set out below.

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

1. Principal accounting policies (continued)

Intangible assets

Goodwill arising in respect of a business combination, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight-line basis over its useful life. For business combinations occurring subsequent to 1 March 2014, the date of the Company's transition to FRS 102, the useful life is 10 years. Goodwill arising on business combinations prior to the date of transition has a useful life of 20 years.

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided at the following rates calculated to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over their estimated useful lives:

Plant, vehicles and equipment	2 – 10 years
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Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In respect of work in progress and finished goods, cost includes overheads, transportation, and duty costs where appropriate. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

The manufacturer invoices new vehicle stock on release from their factory and therefore, although the vehicle may not be present at a Company location, title has passed and therefore the vehicle is recognised in stock upon receipt of the invoice. Other vehicle stock is recognised upon title passing to the Company, typically on physical receipt.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

1. Principal accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Turnover

Turnover for the sale of goods and services is measured at the fair value of consideration receivable, net of value added tax and any discounts.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically despatched or when a service has been undertaken.

Finance commissions are received for the arrangement of vehicle financing and related insurance products where the Company acts as agent on behalf of a principal. Commissions are based on agreed rates and income is recognised when the finance and/or insurance package that the customer has entered into commences. Typically, this is on delivery of the vehicle. Such commissions are recognised within turnover.

The Company is managed as one business and one geographical segment. The business comprises dealership operations where dealerships operate a number of different business streams such as new vehicle sales, used vehicle sales and aftersales operations. Management is organised based on the dealership operations as a whole rather than the specific business streams. Therefore, no further segmental analysis is shown.

Manufacturer rebates

Vehicle specific rebates from manufacturers are recognised when it is probable that the economic benefit will flow to the Company and the value can be reliably measured. In practice, this means that vehicle specific manufacturer rebates are recognised when the vehicle to which the rebate relates, has been invoiced and physically despatched. In the case of non-vehicle specific rebates from suppliers, these are recognised in profit and loss upon achievement of the specific agreed supplier criteria. Manufacturer rebates are recognised within cost of sales.

Pensions

The Company operates a trust based defined benefit pension scheme, "Bristol Street Pension Scheme", ("the Scheme"), which has three defined benefit sections which were closed to new entrants and future accrual in May 2003, with another section closed to new entrants in July 2003 and future accrual in October 2013. A number of other subsidiary companies of the Group also participate in the Scheme. We are unable to split the Scheme assets and liabilities between the individual participating employers, however as Bristol Street First Investments Limited represented the largest participant, the defined benefit pension scheme surplus (to the extent that it is recoverable) or deficit has been recognised in full in these financial statements.

Typically defined benefit schemes define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets of the Scheme are held separately from the assets of the Company. Pension scheme assets or liabilities are calculated as the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

1. Principal accounting policies (continued)

Pensions (continued)

In addition, a Group personal pension arrangement under which the Company pays fixed contributions into an individual's funds, is in place. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior years. Contributions into this scheme are recognised in the financial statements in the year in which they are payable.

2. Directors' emoluments

No Director received remuneration from the Company in respect of the year ended 28 February 2023 (2022: £Nil).

The emoluments of the Directors are paid by the parent company. All of the Directors' services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be attributable to their services to the parent company. Accordingly, the details in note 4 include no emoluments in respect of these Directors.

3. Operating profit

Operating profit is stated after charging:

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Wages and salaries (note 4)	40,439	38,900
Depreciation of tangible fixed assets – owned assets (note 12)	544	629
Amortisation of intangible fixed assets (note 11)	20	21
Loss on disposal of tangible fixed assets	2	-
Operating lease payments	4,724	4,802

Operating lease payments disclosed above includes property lease payments which are recharged to the Company by other subsidiary companies of the Group.

4. Wages and salaries

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Wages and salaries	35,545	34,115
Social security costs	3,909	3,815
Other pension costs	985	970
	40,439	38,900

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

5. Employee numbers

The average monthly number of persons (excluding Directors), employed by the Company, analysed by category, was as follows:

	Year ended 28 February 2023 Number	Year ended 28 February 2022 Number
By activity:		
Sales and distribution	352	368
Service, parts and bodyshop	525	639
Administration	138	142
	1,015	1,149

6. Interest receivable and similar income

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Net finance income in respect of defined benefit pension scheme (note 17)	247	124
Bank interest receivable	1	-
	248	124

7. Interest payable and similar charges

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Vehicle stocking interest	388	45
Bank interest payable	337	98
	725	143

8. Tax on profit

a) Analysis of tax

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Current tax		
UK corporation tax on profits for the year	185	1,619
Adjustments in respect of prior years	(252)	(15)
Total current tax (credit)/charge	(67)	1,604
Deferred tax		
Origination and reversal of timing differences	94	(2)
Impact of change in tax rate	-	233
Rate differences	29	-
Adjustment in respect of prior years	167	12
Total deferred tax charge (note 16)	290	243
Tax charge on profit	223	1,847

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

8. Tax on profit (continued)

b) Factors affecting taxation charge in the year

The tax assessed for the year is lower (2022: higher) than the standard rate of corporation tax in the UK (19%).

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Profit before tax	8,374	8,303
Profit multiplied by the standard rate of tax in the UK of 19% (2022: 19%)	1,591	1,578
Non qualifying depreciation	1	1
Non-deductible expenses	28	38
Adjustments in respect of prior years	(85)	(3)
Impact of change in tax rate	-	233
Group relief received for no consideration	(1,305)	-
Permanent allowances	(37)	-
Rate differences	30	-
Total tax charge for the year	223	1,847

In the June 2021 Finance Act it was enacted that the rate of corporation tax in the UK would rise from 19% to 25% on 1 April 2023. As a result the Group's deferred tax obligations at 28 February 2023 and 28 February 2022 have been measured at 25%.

During the year ending 29 February 2024, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge by £76,000. This is due to the reversal of timing differences in relation to accelerated capital allowances.

9. Dividends per share

Dividends of 28.17p per share totalling £6,000,000 were paid in the year to 28 February 2023 (2022: 23.47p per share totalling £5,000,000).

10. Investments in subsidiary undertakings

	£'000
Cost	
At 1 March 2022 and 28 February 2023	640
Accumulated impairment	
At 1 March 2022 and 28 February 2023	640
Net book value	
At 1 March 2022 and 28 February 2023	-

Subsidiary undertakings (ordinary shares 100% owned and incorporated within England and Wales) as at 28 February 2022 and 28 February 2023 were:

Company	Principal activity
Boydslaw 103 Limited	Dormant company
Dunfermline Autocentre Limited*	Dormant company

*Held indirectly by the Company.

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

10. Investments in subsidiary undertakings (continued)

The registered address of these companies is Dunfermline Autocentre, Halbeath Road, Dunfermline, Fife, KY12 7RD.

11. Goodwill

	£'000
Cost	
At 1 March 2022 and 28 February 2023	730
Accumulated amortisation	
At 1 March 2022	652
Amortisation charge	20
At 28 February 2023	<u>672</u>
Net book value	
At 28 February 2023	<u>58</u>
At 28 February 2022	<u>78</u>

The goodwill arising on the acquisition of unincorporated businesses following the date of transition to FRS 102 is being amortised over 10 years. Goodwill arising on acquisitions of unincorporated businesses prior to the date of transition to FRS 102 is being amortised over 20 years.

12. Tangible assets

	Plant, vehicles & equipment £'000
Cost	
At 1 March 2022	8,480
Additions	542
Intercompany transfers	(340)
Disposals	(391)
At 28 February 2023	<u>8,291</u>
Accumulated depreciation	
At 1 March 2022	6,946
Charge for the financial year	544
Intercompany transfers	(282)
Disposals	(384)
At 28 February 2023	<u>6,824</u>
Net book value	
At 28 February 2023	<u>1,467</u>
At 28 February 2022	<u>1,534</u>

13. Stocks

	2023 £'000	2022 £'000
Vehicle stocks	194,853	185,643
Parts, accessories and other stocks	2,250	1,863
	<u>197,103</u>	<u>187,506</u>

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

13. Stocks (continued)

Vehicle stocks include new vehicles invoiced not yet paid and held by manufacturers to the order of the Company of £148,937,000 (2022: £153,623,000). A corresponding liability is held within trade creditors.

The cost of stock recognised as an expense and included within 'cost of sales' amounted to £758,580,000 (2022: £708,778,000).

14. Debtors

	2023	2022
	£'000	£'000
Trade debtors	8,391	5,619
Amounts owed by Group undertakings	19,264	38,756
Prepayments and accrued income	647	481
	28,302	44,856

Amounts owed by Group undertakings are unsecured, interest free and carry no fixed repayment date.

15. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	171,332	168,562
Other creditors	2,267	5,000
Social security and other taxes	191	190
Value Added Tax	17,759	11,584
Accruals and deferred income	9,748	5,470
	201,297	190,806

16. Provisions for liabilities

	Deferred tax
	£'000
At 1 March 2022	1,673
Charged to profit and loss account (note 8)	290
Credited to other comprehensive income (note 19)	(1,493)
At 28 February 2023	470

Total deferred tax liability:

	2023	2022
	£'000	£'000
Pension	797	2,264
Accelerated capital allowances	(148)	(427)
Other short term timing differences	(179)	(164)
Total deferred tax liability	470	1,673

17. Pension scheme

Defined benefit scheme

The Group operates a trust based defined benefit pension scheme, "Bristol Street Pension Scheme", ("the Scheme"), one section of which was closed to new entrants and future accrual in May 2003, with another closed to new entrants in July 2003 and future accrual in October 2013. The assets of the Scheme are held separately from those of the Group, being held in separate funds by the Trustees of the Bristol Street Pension Scheme.

The Company is a participating employer in the Bristol Street Pension Scheme and as we are unable to split the Scheme assets and liabilities between the individual participating employers, the surplus has been recognised in full in these financial statements.

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

17. Pension scheme (continued)

The amounts recognised in the profit and loss account are as follows:

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Scheme expenses	141	116
Net interest income (note 6)	(247)	(124)
Total (income)/expense in the profit and loss account	(106)	(8)

The amounts recognised in the statement of other comprehensive income are as follows:

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Actuarial gain on defined benefit obligations	12,979	2,260
Actual (loss)/gain on assets less interest	(18,952)	541
Actuarial (loss)/gain recognised in other comprehensive income	(5,973)	2,801

The amounts recognised in the balance sheet are as follows:

	28 February 2023 £'000	28 February 2022 £'000
Fair value of scheme assets	35,955	55,457
Present value of funded obligations	(32,767)	(46,402)
Net pension asset	3,188	9,055

Changes in the present value of the defined benefit obligations are as follows:

	28 February 2023 £'000
Opening defined benefit obligation	46,402
Interest on scheme liabilities	1,250
Actuarial gain	(12,979)
Benefits paid	(1,906)
Closing defined benefit obligation	32,767

Changes in the fair value of scheme assets are as follows:

	28 February 2023 £'000
Opening fair value of scheme assets	55,457
Interest income	1,497
Return on assets excluding interest income	(18,952)
Benefits paid	(1,906)
Scheme expenses	(141)
Closing fair value of scheme assets	35,955

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

17. Pension scheme (continued)

The fair value of the major categories of scheme assets are as follows:

	28 February 2023 £'000	28 February 2022 £'000
Liability driven Investment Funds	26,137	38,782
Diversified growth funds	3,964	10,091
Secured finance	5,464	5,453
Other	390	1,131
	35,955	55,457

The principal actuarial assumptions as at the balance sheet date were:

	2023 %	2022 %
Discount rate	4.95	2.75
Limited Price Indexation ("LPI") pension increases	3.00	3.60
Inflation rate	2.45	3.10

The average life expectancy in years of a pensioner retiring at age 65 at the balance sheet date is as follows:

	2023	2022
Male	22	22
Female	24	24

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date is as follows:

	2023	2022
Male	23	23
Female	26	26

18. Called up share capital

	2023 £'000	2022 £'000
Allotted and fully paid:		
21,301,343 (2022: 21,301,343) ordinary shares of £1 each	21,301	21,301

19. Profit and loss account

	£'000
At 1 March 2022	29,281
Profit for the financial year	8,151
Actuarial gain for the year	(5,973)
Deferred tax on actuarial gain	1,493
Dividends paid	(6,000)
At 28 February 2023	26,952

Notes to the Financial Statements (continued)

For the year ended 28 February 2023

20. Commitments under operating leases

The future aggregate minimum lease payments, under non-cancellable operating leases, is set out below:

	Land and Buildings	Vehicles	Land and Buildings	Vehicles
	28 February 2023	28 February 2022	28 February 2022	28 February 2022
	£'000	£'000	£'000	£'000
Within 1 year	1,399	776	1,296	928
Within 2 to 5 years	5,047	261	5,172	142
Over 5 years	2,099	-	3,079	-
	8,545	1,037	9,547	1,070

21. Related parties

The Company has a related party relationship with other Group subsidiaries and with its Directors and key management.

The Company is exempt from the requirements of FRS 102 to disclose transactions between Group companies as all subsidiaries are wholly owned by Vertu Motors plc who have produced consolidated financial statements.

22. Ultimate parent company and controlling party

The Company's ultimate parent company and ultimate controlling party is Vertu Motors plc.

Vertu Motors plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Vertu Motors plc can be obtained from: The Company Secretary, Vertu Motors plc, Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0XA.

23. Contingent liability

Along with other members of the Vertu Motors plc group of companies, the Company is party to cross guarantee arrangements in respect of the Group's bank borrowings. At 28 February 2023 the Group had drawn £44,000,000 of bank borrowings (2022: £44,100,000).