

REGISTERED NUMBER: 00469608 (England and Wales)

**STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021
FOR
CARWOOD MOTOR UNITS LIMITED**



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for the year ended 31 August 2021**

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CARWOOD MOTOR UNITS LIMITED

COMPANY INFORMATION
for the year ended 31 August 2021

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 2021**

The directors present their strategic report for the year ended 31 August 2021.

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.

The year commenced with the gradual easing of restrictions placed by Governments in response to the pandemic caused by the SARS-CoV-2 virus. The Company benefited from this as demand for its automotive aftermarket products both Diesel and Turbo recovered and grew above pre-pandemic levels. Continued supply problems in the automotive sector have played to the strengths of Carwood. New customers are prepared to consider a remanufactured alternative for the first time. Older vehicles have maintained and increased in worth making repair more attractive.

Defence demand has grown especially the provision of spares. Though spares are expected to plateau, remanufactured product is expected to grow. 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.

Bank balances have continued to improve from £18,767,719 to £23,426,677.

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 2021

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
<u>Trade receivables</u>	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.
<u>Cost price fluctuations</u>	Cost increases are challenged. If not possible to reduce selling prices are increased.
<u>Supplier failure</u>	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.
<u>Financial liquidity & interest rates</u>	Carwood continues to avoid borrowings. The existing reserves are well placed to take advantage of acquisition opportunities which arise.
<u>Properties</u>	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.
<u>People</u>	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.

STRATEGIC REPORT
for the year ended 31 August 2021

PRINCIPAL RISK AND UNCERTAINTIES - continued

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 has recently been awarded Cyber Essentials Plus status

Pandemic

Restrictions in response to Pandemics can adversely affect customer demand, supplier availability and employee well-being. The Company remains committed to adhering to guidance given by HM Government. Regular, consistent and open communication remains key to ensure that the effect to the business is minimised.

Exit from the EU

The Company continues to monitor changes require in the administration of exports and imports. During the year professional advice has been sought to help implement system changes where needed.

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.

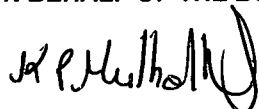
FUTURE DEVELOPMENTS AND RESEARCH & DEVELOPMENT

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 17.4% to 20.7%.

ON BEHALF OF THE BOARD:



K.P. Mulholland - Director

25 January 2022

**REPORT OF THE DIRECTORS
for the year ended 31 August 2021**

The directors present their report with the financial statements of the company for the year ended 31 August 2021.

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 2021 will be £133,000 (2020: £102,000).

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 2020 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

Donations to UK Charities £350.

DIRECTORS INDEMNITY INSURANCE

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

EMPLOYEES

Details of the number of employees and related costs can be found in Note 4 to the financial statements.

The Company has clear written guidelines for recruitment and selection contained within its procedure manuals to keep compliance with ISO standards and the Equality Act 2010. The Company is an equal opportunities employer and is committed to providing equality of opportunity in employment to all persons.

- The Company will not discriminate on the basis of gender, race, age, disability, marriage and civil partnership, sexuality or faith;
- All employees will be considered solely on their merits for career development and promotion with equal opportunities for all;
- The Company will endeavour to educate our staff in order that they understand the context of and the specific issues influencing equality and diversity;
- All employees of the Company are required to comply with the company's equality aims and to treat colleagues with dignity and respect;
- We support and adhere to family-friendly and flexible working policies.

The Company participates in policies and practices to keep employees informed on matters relevant to them. The Company has regular structured management meetings down to supervisor level. Employees participate in annual performance reviews and are required to confirm their receipt of the Company handbook.

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 2021**

During the year the calculated CO2 emissions for the business were 612,060 kg from Electricity, Gas and own transport. This gives a ratio of Kg of CO2 per £ of turnover of 0.013 for the year (prior year 0.017).

The methodology for calculating the CO2 emissions was:

- Annual Electricity consumption 815,717 x UK Govt 2021 conversion factor 0.212 gives 172,932 (last year 235,126) kg CO2;
- Annual Gas consumption 68,040 cubic meters equates to 755,721kwh x UK Govt 2021 conversion factor 0.183 gives 138,297 (last year 119,589) kg CO2;
- Annual purchases of diesel for transport 119,853 litres converts at x 10 to 1,198,530kwh and converts at x 2.51 to 300,831 (last year 296,827) 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:

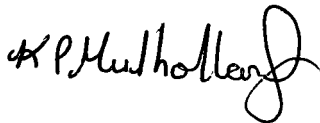
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

25 January 2022

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 2021 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 2021 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.



Martin Gibbs FCCA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

25 January 2022

**STATEMENT OF COMPREHENSIVE
INCOME**
for the year ended 31 August 2021

	Notes	2021 £	2020 £
TURNOVER	3	44,941,198	37,022,827
Changes in stocks of finished goods and work in progress		1,225,111	196,172
		<u>46,166,309</u>	<u>37,218,999</u>
Other operating income		113,500	535,285
		<u>46,279,809</u>	<u>37,754,284</u>
Raw materials and consumables		(28,074,046)	(21,254,329)
Other external expenses		(30,289)	(17,776)
		<u>18,175,474</u>	<u>16,482,179</u>
Staff costs	4	(8,240,792)	(8,241,036)
Depreciation		(407,832)	(438,626)
Other operating expenses		(2,610,722)	(3,088,900)
		<u>6,916,128</u>	<u>4,713,617</u>
OPERATING PROFIT	5	6,916,128	4,713,617
Interest receivable and similar income		860,003	50,405
		<u>7,776,131</u>	<u>4,764,022</u>
Interest payable and similar expenses	6	-	(309,617)
PROFIT BEFORE TAXATION		7,776,131	4,454,405
Tax on profit	7	(1,270,037)	(809,854)
PROFIT FOR THE FINANCIAL YEAR		<u>6,506,094</u>	<u>3,644,551</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>6,506,094</u></u>	<u><u>3,644,551</u></u>

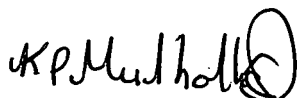
The notes form part of these financial statements

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**BALANCE SHEET
31 August 2021**

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	9	44,140	122,340
Tangible assets	10	859,867	928,309
Investments	11	213	213
		<u>904,220</u>	<u>1,050,862</u>
CURRENT ASSETS			
Stocks	12	5,345,363	4,120,252
Debtors	13	6,562,551	6,264,354
Investments	14	4,918,707	4,071,411
Cash at bank		23,426,677	18,767,719
		40,253,298	33,223,736
CREDITORS			
Amounts falling due within one year	15	<u>(7,729,777)</u>	<u>(7,229,951)</u>
NET CURRENT ASSETS		<u>32,523,521</u>	<u>25,993,785</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,427,741	27,044,647
PROVISIONS FOR LIABILITIES	17	<u>(103,000)</u>	<u>(93,000)</u>
NET ASSETS		<u><u>33,324,741</u></u>	<u><u>26,951,647</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	33,265,241	26,892,147
SHAREHOLDERS' FUNDS		<u><u>33,324,741</u></u>	<u><u>26,951,647</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2022 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 2021**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 September 2019	810	23,349,596	58,440	250	23,409,096
Changes in equity					
Dividends	-	(102,000)	-	-	(102,000)
Total comprehensive income	-	3,644,551	-	-	3,644,551
Balance at 31 August 2020	<u>810</u>	<u>26,892,147</u>	<u>58,440</u>	<u>250</u>	<u>26,951,647</u>
Changes in equity					
Dividends	-	(133,000)	-	-	(133,000)
Total comprehensive income	-	6,506,094	-	-	6,506,094
Balance at 31 August 2021	<u><u>810</u></u>	<u><u>33,265,241</u></u>	<u><u>58,440</u></u>	<u><u>250</u></u>	<u><u>33,324,741</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 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	6,081,240	4,336,731
Tax paid		(1,040,878)	(871,220)
Net cash from operating activities		<u>5,040,362</u>	<u>3,465,511</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(320,893)	(308,879)
Sale of tangible fixed assets		59,703	46,777
Interest received		12,707	50,405
Net cash from investing activities		<u>(248,483)</u>	<u>(211,697)</u>
Cash flows from financing activities			
Loan from group company in year		79	-
Equity dividends paid		(133,000)	(102,000)
Net cash from financing activities		<u>(132,921)</u>	<u>(102,000)</u>
Increase in cash and cash equivalents		<u>4,658,958</u>	<u>3,151,814</u>
Cash and cash equivalents at beginning of year	2	18,767,719	15,615,905
Cash and cash equivalents at end of year	2	<u><u>23,426,677</u></u>	<u><u>18,767,719</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 August 2021**

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

	2021 £	2020 £
Profit before taxation	7,776,131	4,454,405
Depreciation charges	414,803	439,892
Profit on disposal of fixed assets	(6,971)	(1,266)
Finance costs	-	309,617
Finance income	(860,003)	(50,405)
	7,323,960	5,152,243
Increase in stocks	(1,225,111)	(196,172)
Increase in trade and other debtors	(298,197)	(473,498)
Increase/(decrease) in trade and other creditors	280,588	(145,842)
	6,081,240	4,336,731

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 2021

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

Year ended 31 August 2020

	31/8/20 £	1/9/19 £
Cash and cash equivalents	18,767,719	15,615,905
	18,767,719	15,615,905

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/9/20 £	Cash flow £	At 31/8/21 £
Net cash			
Cash at bank	18,767,719	4,658,958	23,426,677
	18,767,719	4,658,958	23,426,677
Liquid resources			
Current asset investments	4,071,411	847,296	4,918,707
	4,071,411	847,296	4,918,707
Total	22,839,130	5,506,254	28,345,384

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2021**

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 £871,000 (2020: £764,000).

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 2021

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2021

2. ACCOUNTING POLICIES - continued

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.

Debtors and creditors receivable/payable within one year

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 statement of comprehensive income in other operating charges.

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:

	2021 £	2020 £
Sales of goods	44,069,498	36,185,411
Rendering of services	871,700	837,416
	<u>44,941,198</u>	<u>37,022,827</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

	2021 £	2020 £
Wages and salaries	7,240,036	7,215,506
Social security costs	649,104	673,530
Other pension costs	351,652	352,000
	<u>8,240,792</u>	<u>8,241,036</u>

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

	2021	2020
Office and Management	70	73
Sales and Call Centre	19	21
Warehouse and Drivers	42	45
Production	116	129
	<u>247</u>	<u>268</u>

CARWOOD MOTOR UNITS LIMITED (REGISTERED NUMBER: 00469608)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2021**

4. EMPLOYEES AND DIRECTORS - continued

	2021	2020
	£	£
Directors' remuneration	741,313	622,798
Directors' pension contributions to money purchase schemes	33,132	16,492
	<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:

	2021	2020
	£	£
Emoluments etc	176,922	131,087
Pension contributions to money purchase schemes	7,417	-
	<u> </u>	<u> </u>

5. OPERATING PROFIT

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

	2021	2020
	£	£
Hire of plant and machinery	28,772	31,306
Depreciation - owned assets	336,603	361,692
Profit on disposal of fixed assets	(6,971)	(1,266)
Goodwill amortisation	77,300	77,300
Patents and licences amortisation	900	900
Auditors' remuneration	11,650	11,360
Auditors' remuneration - tax compliance	3,800	3,700
Auditors' remuneration - other non audit services	11,370	11,090
Operating lease rentals	405,998	433,727
Research and development	450,000	300,000
Foreign exchange differences	23,365	(12,436)
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bond interest	<u> </u> -	<u> </u> 309,617

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2021

7. TAXATION

Analysis of the tax charge

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

	2021 £	2020 £
Current tax:		
UK corporation tax	1,350,000	804,000
Adjustments for previous periods	(89,963)	(8,146)
Total current tax	<u>1,260,037</u>	<u>795,854</u>
Deferred tax	<u>10,000</u>	<u>14,000</u>
Tax on profit	<u><u>1,270,037</u></u>	<u><u>809,854</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:

	2021 £	2020 £
Profit before tax	<u>7,776,131</u>	<u>4,454,405</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,477,465	846,337
Effects of:		
Expenses not deductible for tax purposes	17,243	19,928
Adjustments to tax charge in respect of previous periods	(89,963)	(8,146)
Deferred tax rate and rounding differences	(1,830)	8,735
Research & development enhancement	(132,878)	(57,000)
Total tax charge	<u><u>1,270,037</u></u>	<u><u>809,854</u></u>

8. DIVIDENDS

	2021 £	2020 £
Interim	<u>133,000</u>	<u>102,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2021

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 September 2020 and 31 August 2021	232,000	9,000	241,000
AMORTISATION			
At 1 September 2020	115,960	2,700	118,660
Amortisation for year	77,300	900	78,200
At 31 August 2021	193,260	3,600	196,860
NET BOOK VALUE			
At 31 August 2021	38,740	5,400	44,140
At 31 August 2020	116,040	6,300	122,340

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant & equipment £	Motor vehicles £	Totals £
COST				
At 1 September 2020	500,995	4,263,584	492,907	5,257,486
Additions	-	179,527	141,366	320,893
Disposals	-	-	(135,096)	(135,096)
At 31 August 2021	500,995	4,443,111	499,177	5,443,283
DEPRECIATION				
At 1 September 2020	500,995	3,543,518	284,664	4,329,177
Charge for year	-	238,628	97,975	336,603
Eliminated on disposal	-	-	(82,364)	(82,364)
At 31 August 2021	500,995	3,782,146	300,275	4,583,416
NET BOOK VALUE				
At 31 August 2021	-	660,965	198,902	859,867
At 31 August 2020	-	720,066	208,243	928,309

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
At 1 September 2020 and 31 August 2021	212	1	213
NET BOOK VALUE			
At 31 August 2021	212	1	213
At 31 August 2020	212	1	213

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2021**

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
 <u>Joint Venture</u>		
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.

12. STOCKS

	2021	2020
	£	£
Finished goods	5,345,363	4,120,252

An impairment reversal of (£42,718) (2020: £25,000) 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

	2021	2020
	£	£
Trade debtors	6,442,853	6,163,013
Other debtors	15,600	16,711
Prepayments and accrued income	104,098	84,630
	<u>6,562,551</u>	<u>6,264,354</u>

14. CURRENT ASSET INVESTMENTS

	2021	2020
	£	£
Investment bond	4,918,707	4,071,411

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	4,073,032	3,661,926
Amounts owed to group undertakings	16,168	16,089
Tax	734,939	515,780
Social security and other taxes	571,716	1,201,135
Other creditors	17,941	1,643
Accrued expenses	2,315,981	1,833,378
	<u>7,729,777</u>	<u>7,229,951</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2021

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:		
	2021	2020
	£	£
Within one year	388,603	394,524
Between one and five years	896,631	1,010,199
In more than five years	46,419	232,094
	<u>1,331,653</u>	<u>1,636,817</u>

17. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax	<u>103,000</u>	<u>93,000</u>
		Deferred tax
		£
Balance at 1 September 2020		93,000
Provided during year		<u>10,000</u>
Balance at 31 August 2021		<u>103,000</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2021	2020
			£	£
810	Ordinary	£1	<u>810</u>	<u>810</u>

19. RESERVES

	Retained earnings	Share premium	Capital redemption reserve	Totals
	£	£	£	£
At 1 September 2020	26,892,147	58,440	250	26,950,837
Profit for the year	6,506,094	-	-	6,506,094
Dividends	(133,000)	-	-	(133,000)
At 31 August 2021	<u>33,265,241</u>	<u>58,440</u>	<u>250</u>	<u>33,323,931</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 2021**

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 £351,652 (2020: £352,000) have been charged to the profit and loss account. At 31 August 2021, pension contributions of £51,874 (2020: £51,727) were outstanding to the pension scheme.

21. RELATED PARTY DISCLOSURES

During the year the company paid rent totalling £88,256 (2020: £87,675) to Mr G. Carter's Self Invested Personal Pension.

Key management personnel compensation in the year totalled £856,587 (2020 - £709,343).

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.