Registered number: 04921555

TRADE CENTRE
GROUP

THE TRADE CENTRE GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

COMPANY INFORMATION

Directors	M T R Bailey N M Bailey R J Bailey A P Coulthurst A C Wildy
Company secretary	S G Smith
Registered number	04921555
Registered office	Euro Centre Neath Abbey Business Park Neath Abbey SA10 7DR
Auditor	KPMG LLP 3 Assembly Square Britannia Quay Cardiff CF10 4AX
Banker	Barclays Bank 85 High Street Blackwood Gwent NP12 1ZA
Solicitor	Acuity Law 3 Assembly Square Britannia Quay Cardiff CF10 4PL

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors of The Trade Centre Group PLC (the **Company**) present their Strategic Report for the financial year ended 30 November 2022.

Principal Activities and Locations

The principal activity of the Company during the year continued to be the sourcing, preparation and retail of used cars to the general public.

The Company is part of a group headed by Bailey Family Investments PLC (the **Group**).

We trade under our brand 'The Trade Centre Wales' from showrooms in Neath and Cardiff North, and under 'The Trade Centre UK' brand in Wednesbury, Coventry, Rochdale, Rotherham and Birmingham South, which opened in May 2022.

We do not anticipate any significant change in the principal activity of the Company in the forthcoming financial year.

Business review

This was our first full year of trading without any closures following the Covid-19 pandemic. UK consumers faced inflationary pressure for much of the financial year, with a cost-of-living crisis impacting the UK Retail sector. The used car wholesale market was impacted by a shortage of used car stock due to limited production of new cars and the consequent increase in wholesale prices.

We took action to ease inflationary pressure on our customers, adding value through a number of new customer initiatives including Free Fuel for a Year, Freesure vehicle insurance contribution and cashback offers. Meanwhile, our focus was firmly on finding efficiencies throughout our business model and implementing cost saving measures.

Despite these challenges we sold 41,551 cars up from 35,720 in 2021 and successfully opened an additional store (Birmingham South) to increase our presence in the Midlands. Furthermore, we successfully launched our new Lifetime Warranty product, which offers customers cover for breakdown, warranty, and an annual service. This product not only provides additional benefit to our customers but will also generate long-term subscription income for the Company.

Turnover was £345.7m (2021: £258.0m) and we achieved a profit before taxation for the year of £6.9m (2021: £18.6m). Adjusted EBITDA (operating profit, adding back depreciation, amortisation and exceptional income and costs) was £10.8m (2021: £14.0m).

The economic challenges outlined above had a direct impact on our profitability. The drop in consumer confidence during 2022 impacted customer demand resulting in a slow-down in sales at our established stores combined with additional costs in developing our newer stores.

In response to these conditions, the Company has taken decisive steps to improve profitability. We have implemented various changes and improvements to develop our core offering and streamline our operations. By focusing on our strengths and strong consumer proposition, we are well positioned with an enhanced geographical presence for when the used car market recovers.

During the year we re-profiled our stock mix to reflect the changes in customer demand, decreasing the value of stocks held to £41.4m at the year-end (2021 £50.8m).

Board Restructure

Following the departure of Tim Carr in September 2022, Mark Bailey and Andy Coulthurst reassumed their previous roles as Chairman and Chief Executive Officer respectively.

Mark's invaluable experience from building the Company, positions him perfectly to drive the strategic vision forward. Whilst Andy's background and extensive knowledge of the sector has provided a smooth transition in leadership for the Company.

The Board is confident that under the leadership of Andy and Mark with the experience and expertise of the rest of the Board members the Company is well positioned for the future.

Financial key performance indicators

To assist in understanding the underlying trading performance of the Company a non-statutory presentation of the results is included below.

Underlying trading performance

	2022	*2021*
	£000	*£000*
Operating Profit	8,220	*19,298*
Add: depreciation and amortisation	1,393	*1,342*
Less: profit on disposal of fixed assets	(106)	*(8,599)*
Add: one-off transaction and consultancy costs	-	*235*
Add: reorganisation costs	1,255	*1,731*
Adjusted EBITDA	10,762	*14,007*

Reorganisation, transaction and consultancy costs are non-recurring so are therefore adjusted from EBITDA (earnings before interest, taxation, depreciation and amortisation) to give a better comparison for our trading performance against the prior year.

	2022	*2021*
Turnover (£000)	345,676	*258,013*
Gross profit margin	9%	*11%*
Adjusted EBITDA (£000)	10,762	*14,007*
Volume of car sales (no. of units)	41,551	*35,720*
Customer satisfaction (TrustPilot score)	4.5	*4.5*

Strategy and future developments

Our business model is highly differentiated in the used car market and is built on providing exceptional customer service, selling great quality cars to value-driven car shoppers, from best-in-class retail premises.

In the current economic climate, consumers are increasingly inclined to purchase from trusted suppliers in the used car retail sector. The ongoing uncertainty in the UK economy has contributed to this preference. As a result, we have positioned ourselves as a reliable option for car buyers who seek peace of mind during their purchase.

Moving forward, we are committed to refocusing our efforts on delivering this core product and re-establishing the levels of profitability that the Company has previously achieved. By concentrating on our strengths and providing exceptional value to our customers, we aim to restore and enhance our overall financial performance.

Financial risk management objectives and policies
The management of the business and the execution of the Company strategy are subject to a number of risks. The directors have set out below the principal risks which are considered to have the potential for the greatest impact on the Company, together with how those risks have been mitigated.

a) Economic risk
The Company is aligned to any material changes in the UK used car market, that continues to face significant economic challenges from the supply issues caused by Covid-19 and reduced consumer demand due to the cost-of-living crisis. Product, marketing and pricing strategies have been adjusted as a result of these challenges along with increased cost controls. The Company is not exposed to economic changes on customer consumer debtor balances as they either pay prior to collection or are funded through third party lenders. The directors continue to closely monitor economic and market conditions and believe the Company is well positioned to build on its position as one of the market leaders in the sector.

b) Credit and liquidity risk
The Company uses a mix of internally generated funds, short-term debt finance and a stock financing facility which is secured against its retail vehicle stocks to fund its operations.

The Company maintains a close relationship with its lenders, built on regular dialogue and a flow of quality management information. Both Lombard and Barclays continue to be very supportive of the group. The stocking facility was renewed and extended during the year and the group renewed its facility with Barclays following year end. This has provided greater flexibility in terms of liquidity and covenants. The directors regularly review forward cash flows and bank covenant tests to ensure that sufficient liquidity and facility headroom is maintained.

c) Interest risk
The Company is exposed to interest rate risks through the stocking loan facility. Potential increases to interest rates are factored into the budget and forecast processes to ensure that there is capacity to deal with higher borrowing costs.

d) Regulatory and consumer finance risk
The Company maintains the relevant FCA permissions to primarily carry out regulated credit broking activities through its 100% subsidiary Can Can Car Finance Limited. Increased regulation or changes in the nature or availability of finance credit could restrict the breadth of customers that the Group trades with or restrict the income available to the Company.

The Company has a dedicated compliance function which conducts regular reviews of regulatory risk areas and audits the businesses controls to ensure these remain appropriate to the current regulatory environment.

The directors maintain a wide panel of consumer finance partners and monitor market conditions to ensure that the panel remains relevant and offers competitive rates to customers in line with the Company's business ethos to treat customers fairly.

e) Reliance on staff
The Company is reliant on the quality of its staff and in particular the senior management team. Failure to retain key staff or to recruit sufficient staff to support the Company's planned growth could lead to poor, or slower implementation of strategy or other adverse performance.

The Company strives to maintain a culture, engagement and reward programme designed to retain and attract sufficient talent. The board regularly reviews performance and composition of the staff base and adjusts policy in order to stay competitive.

f) IT systems and continuity
The Company is reliant on its IT systems and infrastructure and any disruption to these, malicious or otherwise, would impact the Company's ability to operate.

The Company has a robust business continuity plan which is regularly tested and updated.

g) Health and Safety
The Company operates different departments and operations with various hazards and degrees of risk. Due to the nature of the business, there is a risk of serious injury to employees / visitors, damage to property, environmental contamination and reputation. The Company's workforce is largely directly employed, with a number of subcontractors operating the valeting and property cleaning services.

The Company conducts frequent reviews of the health and safety management on each site to mitigate this risk. Particular focus is made to ensure all employees receive high quality information on induction and any further instruction and training in order for them to carry out their roles in a safe and healthy manner. Where necessary, written Risk Assessments are compiled to ensure that relevant risks are addressed, and likelihood of accidents reduced.

Health and Safety is led from a top-down approach. Each level within the Company has defined responsibilities and ownership over health and safety. Therefore, suitable and sufficient controls are present throughout the entire organisation, with adequate supervision to ensure compliance.

The Company remains committed to ensuring a safe and healthy working environment. The board monitors health and safety performance and documents this through specific monthly and annual reports. Employees are made aware of health and safety performance through management meetings and utilisation of the Health and Safety (Public) hub.

h) Section 172 of the companies act 2006
Directors' Duties – Section 172 Statement

The Directors are aware of their duty under Section 172(1) of the Companies Act 2006, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

The likely consequence of any decision in the long term;
The interests of the Company's employees;
The need to foster the Company's business relationships with suppliers, customers and others;
The impact of the Company's operations on the community and the environment;
The desirability of the Company maintaining a reputation for high standards of business conduct;
The need to act fairly as between members of the Company;

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of the Companies Act 2006.

Employees

Having the right people, capabilities and engagement across the organisation is fundamental to delivering our strategy and the long-term success of the Group. Our ongoing objective is to create a high performing business driven by a skilled, unified and committed team.

Stakeholder key interests

- Career development
- Reward
- Engagement
- Morale and motivation
- Reputation
- Training and development
- Wellbeing
- Health and safety

How we engage

- Enhanced internal communications
- Training and feedback
- Competitive rates of pay and recognition schemes
- Competitive staff benefits & engagement initiatives lead by the engagement committee
- A strong culture underpinned by 5 core values of SERVICE, TEAMWORK, PASSION, INTEGRITY and COMMUNITY

Customers

We seek to develop and maintain strong relationships with our customers and focus on understanding what they need, putting them at the centre of our decision making.

Stakeholder key interests

- Safety, quality and reliability
- Value for money
- Convenience
- Customer service
- Compliance and data protection
- Choice

How we engage

- Regular review of customer survey and feedback scores
- Social media
- Consideration of policies and participation in training in relation to the fair treatment of customers

Suppliers/partners

We have developed long-term relationships with many of our suppliers, across vehicle sourcing, vehicle preparation and capital projects. The relationship we have with these partners is key to ensuring we have efficient business processes. We continue to review our contractual terms and supplier mix to ensure that we deliver value and minimise risk in the supply chain.

Stakeholder key interests

- Logistics efficiency
- Growth
- Trade profitably and efficiently
- Responsible procurement, trust and ethics

How we engage

- Regular meetings with suppliers
- Contract negotiation and contract renewals
- Clear KPI's, standards and reporting

This report was approved by the board and signed on its behalf.

A P Coulthurst
Director

Date: 31 May 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors present their report and the financial statements for the year ended 30 November 2022.

Disclosure of information in the Strategic Report

- In accordance with section 414C(11) of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013 the directors have opted to set out the following information required by schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 within the Strategic Report:
  - Principal activities and locations
  - Future developments for the business
  - Financial risk management objectives and policies

Going Concern

The directors have considered the use of the going concern basis in the preparation of the financial statements and have concluded that it is appropriate. Additional information is provided in note 2 of the financial statements.

Post balance sheet events

The directors do not consider there to be any significant events to note since the balance sheet as of 30 November 2022.

Directors

The directors who served during the year were:

M T R Bailey
N M Bailey
R J Bailey
A P Coulthurst
A C Wildy
T J Carr (resigned 9 September 2022)

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the financial year and remain in force at the date of this report.

Disabled employees

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is provided. Once employed, a career plan is developed to ensure suitable opportunities and training are provided to each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2022

Employee Consultation

The Company's policy is to consult and discuss with employees at meetings those matters likely to affect employees' interests as and when they arise. Information on matters of concern to employees is provided through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Dividends

During the year, the Company declared and paid an interim dividend of £128.62 per ordinary A share (2021: £278.34), a total dividend of £6.4m (2021: £13.9m). The dividend cleared the intercompany balance that had arisen during the year with the parent company Bailey Family Investments PLC.

STREAMLINED ENERGY AND CARBON REPORT (SECR)

UK Energy Use and GHG Emissions

The tables below detail the energy used by the Company in their business activities involving the combustion of gas and fuels, the purchase of electricity and the business mileage in kWh, Litres, Miles and tCO2e.

		2022		2021	
Type of Activity	**Measurement Unit**	**Energy Usage**	**GHG Emissions (t CO2e)**	**Energy Usage**	**GHG Emissions (t CO2e)**
Grid Electricity	kWh	4,495,382	869	3,801,850	807
Natural Gas	kWh	2,439,266	445	1,038,590	190
Fuel	Litres	216,412	505	170,056	398
Fuel Reimbursed	Miles	448,053	123	253,748	192
Total			**1,942**		**1,587**

		2022		2021	
Type of Activity	**Measurement Unit**	**Energy Usage**	**GHG Emissions (t CO2e)**	**Energy Usage**	**GHG Emissions (t CO2e)**
Scope 1	kWh	2,439,266	445	1,038,590	190
	Litres	210,200	491	151,480	357
	Miles	372,827	102	165,388	125
Scope 2	kWh	4,495,382	869	3,801,850	807
Scope 3	Litres	6,212	14	18,575	41
	Miles	75,226	21	88,360	67
Total			**1,942**		**1,587**

To convert the absolute emissions to an emissions intensity metric, the Company has calculated emissions per a relevant unit of measure. An intensity ratio is a way of defining the Company's emissions data in relation to an appropriate business metric, such as tonnes of CO2e per sales revenue, or tonnes of CO2e per total square metres of floor space. This allows comparison of energy efficiency performance over time and with similar types of organisations. SECR Intensity ratios are calculated by dividing the Company's emissions by its organisation-specific metric.

In the case of the Company the metric chosen to normalize its emissions is based on turnover and its intensity ratio is £5.62m tCO2e (2021: £6.15m tCO2e).

Principle Energy Efficiency Actions

Despite an increase in emissions compared to the previous year, it is important to note that this rise can be attributed to our stores being open for a full 12 months in 2022, unlike the closures we experienced in 2021 due to the Covid-19 pandemic. Furthermore, the opening of our new store in Birmingham South, along with the full-year impact of the Rotherham store that opened in 2021, contributed to this increase.

Given the rapid increases in wholesale energy costs, this has prompted us to renew our focus on identifying opportunities for energy savings and exploring upgrades to enhance overall efficiency and reduce consumption. These efforts are essential to mitigating the impact of rising energy costs and aligning with our commitment to sustainable practices.

The main changes implemented are as follows:

- Introduction of proximity control lighting to all internal areas (except showrooms)
- All showroom lighting now controlled by timers to ensure only operating when required
- All external lighting and signage controlled by timers or photocells to ensure only operating when required
- Replaced any remaining fluorescent tube lighting with LED fittings
- Installation of a heat recovery ventilation system in our new Birmingham South store

Methodology

Data for this report has been provided from the following sources:

- 100% of data from invoices

The UK Government GHG Conversion Factors for Company Reporting were used to calculate the GHG Emissions. The reporting period is in line with the Company's financial year.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A P Coulthurst
Director

Date: 31 May 2023

Euro Centre
Neath Abbey Business Park
Neath Abbey
SA10 7DR

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The *Financial Reporting Standard applicable in the UK and Republic of Ireland*'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realstic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRADE CENTRE GROUP PLC

Opinion

We have audited the financial statements of The Trade Centre Group PLC (the **Company**) for the year ended 30 November 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for senior management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that Retail Vehicle sales is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations, those posted to seldom used accounts and postings to suspense accounts which are not reversed by year end.
- Assessing, for a selection of turnover recorded around the year end, if it is recorded in the correct period based on the turnover recognition criteria.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRADE CENTRE GROUP PLC

Fraud and breaches of laws and regulations – ability to detect (continued)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, health and safety law and regulated credit broking activities recognising the nature of the company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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;
- 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.

We have nothing to report in these respects.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRADE CENTRE GROUP PLC

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Date: 31 May 2023

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2022

	Note	**2022** £000	*2021* *£000*
Turnover	4	345,676	*258,013*
Cost of sales		(314,477)	*(229,147)*
Gross profit		31,199	*28,866*
Administrative expenses		(23,085)	*(21,619)*
Other operating income	5	106	*12,051*
Operating profit	6	8,220	*19,298*
Interest payable	10	(1,302)	*(690)*
Profit before tax		6,918	*18,608*
Tax on profit	11	(1,315)	*(3,362)*
Profit for the financial year		5,603	*15,246*

There was no other comprehensive income for 2022 (2021: £NIL)

The notes on pages 19 to 41 form part of these financial statements.

BALANCE SHEET
AS AT 30 NOVEMBER 2022

	Note	2022 £000	2022 £000	*2021 £000*	*2021 £000*
Fixed assets					
Intangible fixed assets	12		111		*67*
Tangible fixed assets	13		12,597		*6,284*
Investments	14		200		*200*
			12,908		*6,551*
Current assets					
Stocks and work in progress	15	41,401		*50,784*	
Debtors due within 1 year	16	9,903		*11,935*	
Debtors due after more than 1 year	16	-		*872*	
Cash at bank and in hand	17	6,482		*3,441*	
		57,786		*67,032*	
Creditors: amounts falling due within one year	18	(49,249)		*(51,575)*	
Net current assets			8,537		*15,457*
Total assets less current liabilities			21,445		*22,008*
Creditors: amounts falling due after more than one year	19		(311)		*(209)*
Provision for liabilities	21		(5,089)		*(5,067)*
Net deferred tax liability	22		(141)		-
Net assets			15,904		*16,732*
Capital and reserves					
Called up share capital	23		50		*50*
Profit and loss account			15,854		*16,682*
			15,904		*16,732*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 May 2023.

A P Coulthurst
Director

The notes on pages 19 to 41 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 December 2020	50	15,353	15,403
Comprehensive income for the year			
Profit for the year	-	15,246	15,246
Total comprehensive income for the year	-	15,246	15,246
Dividends	-	(13,917)	(13,917)
At 1 December 2021	50	16,682	16,732
Comprehensive income for the year			
Profit for the year	-	5,603	5,603
Total comprehensive income for the year	-	5,603	5,603
Dividends	-	(6,431)	(6,431)
Total transactions with owners	-	(6,431)	(6,431)
At 30 November 2022	50	15,854	15,904

The notes on pages 19 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022

1. General information

The Trade Centre Group PLC (the **Company**) is a public company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is Euro Centre, Neath Abbey Business Park, Neath Abbey, SA10 7DR, United Kingdom.

The principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of The Trade Centre Group PLC is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Bailey Family Investments PLC, details of where the financial statements can be obtained are included in note 29. Exemptions have been taken in these separate company financial statements in relation to financial instrument disclosures, presentation of a cash flow statement, remuneration of key management personnel and related party transaction between wholly-owned subsidiaries within the Group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are required to be excluded from consolidation by section 402 of the Companies Act 2006.

2. Accounting policies (continued)

2.3 Going concern

As at 30 November 2022, the Company had net current assets of £8.5m (2021 £15.5m), net assets of £15.9m (2021 £16.7m) and reported a profit for the year then ended of £5.6m (2021 £15.2m). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Trade Centre Group PLC is the primary trading subsidiary of Bailey Family Investments PLC and a party to the Group's banking facilities. As such the performance of the wider Group and compliance with Group facilities are relevant when considering the applicability of the going concern assumption for the Company. Hence the directors have prepared forecasts, including cash flow forecasts, for a period of at least 12 months from the approval of these financial statements. These forecasts indicate that the Group and the Company will have sufficient funds to meet their liabilities as they become due over this period.

Shortly following the year-end, in December 2022, the Group renewed its banking facilities with Barclays. As part of this renewal, the £10m revolving credit facility was converted into the term loan, making it non-current and resulting in the Group returning to a net current asset position. This has provided greater flexibility in terms of liquidity and the financial covenants associated with the loans were also revised.

The year ended 30 November 2022 was the first full year of trading without any closures following the Covid-19 pandemic. UK consumers faced inflationary pressure for much of the financial year, with a cost-of-living crisis impacting the UK retail sector. This was further exacerbated in the second half of 2022 by the political and economic turbulence. The used car market specifically was impacted by a shortage of stock due to limited production of new cars, leading to increased wholesale prices.

The directors have prepared cash flow forecasts for at least 12 months following the approval of these financial statements. These forecasts consider both base case and severe but plausible downside scenarios (the former being what the directors would expect under ordinary trading conditions).

The base case reflects the improved trading conditions seen in the first half of financial year (FY) 2023 (when compared with the second half of FY 2022) achieved largely because of a re-profiled stock mix to reflect the changes in customer demand and resulting in improved margins. The base case assumes an uplift of 5% in retail volume from June 2023 and throughout the remainder of FY 2023 and FY 2024, taking into account the usual seasonal variations. This reflects the expectation of an improvement in the used car market as supply constraints and inflation pressures ease further.
Under the severe but plausible downside scenario, it assumes that the used car market continues to be challenging as consumers are affected by further cost-of-living increases and therefore volumes and profitability will be below the base case. This scenario reflects an extreme model with a 43% reduction in EBITDA throughout the remainder of FY 2023 and FY 2024. Under this scenario, the Company and Group remains profitable and cash generative, while also remaining covenant compliant by utilising available cash resources to effectively manage headroom against covenants when needed.

2. Accounting policies (continued)

2.3 Going concern (continued)

The Group maintains a long-standing and trusted relationship with its lenders, built on regular dialogue and the flow of quality management information. The refinancing undertaken in December 2022 demonstrates their ongoing support over the long term and reflects the significant amount of security that the Group provides via its asset base. This asset base includes a sizeable real estate portfolio, including investment properties, and a significant cash holding. These assets provide the Group with substantial cover and options to protect against any future downturn, as demonstrated throughout the COVID-19 pandemic.

Under the base case and severe but plausible downside scenarios, the Company continues to be profitable and cash generative, with the former showing an improved position compared to FY 2022. As at 30 November 2022, the Group had significant liquidity available and is currently within its covenant requirements. It is forecasted to remain so over the going concern period, including under the severe downside scenario.

Based on the above, the Directors are confident that the Company, will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Consequently, the financial statements have been prepared on a going concern basis.

2.4 Turnover

The turnover shown in the profit and loss account arises from the principal business activity of the Company and consists entirely of sales made in the United Kingdom. Turnover is stated net of VAT and trade discounts.

Motor Vehicles

Revenue on retail vehicle sales is recognised on transferring risks and rewards to the customer.
Revenue on trade vehicle sales is recognised upon sale at auction.

Motor related services and commissions

Finance Commission
The Company receives finance commission on the placement of finance with external lenders. This income is recognised at the time the finance is placed less a provision for expected debit-backs where a reliable estimate can be made.

Warranty Commission
During the year the company replaced the warranty product offered to customers. On the previous product, warranty commission, where the company was acting in an agent capacity, was recognised immediately upon the sale of the warranty. This was measured as the warranty revenue, less the cost of the warranty and a provision for expected cancellations.

With our new Lifetime Warranty product, the company is acting in an agent capacity selling warranties provided by a third-party who then deals directly with the customer to manage any future claims. Warranty income therefore represents our commission earned on each sale made less an amount for expected cancellations within 14 days.

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

In the prior year, the Company was able to utilise the Coronavirus Job Retention scheme, the Government's main support measure for organisations throughout the pandemic. Income under [this scheme] is classified as a government grant and is reported as 'Other operating income' in the Profit and Loss Account.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.10 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. Unrelieved tax losses and other deferred tax assets are 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.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in the Statement of Profit or Loss or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the Company and the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.11 Intangible assets

Trademarks are included at cost and amortised in equal annual instalments over a period of ten years, which is their estimated useful economic life. Provision is made for any impairment. Computer software costs are included at cost and amortised in equal annual instalments over its estimated useful economic life of 4 years. Provision is made for any impairment.

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The standard rates of depreciation are as follows:

Leasehold improvements	- At varying rates straight-line over the expected usage of the asset
Fixtures and fittings	- 25% straight-line per annum
Motor vehicles	- 10% to 33% straight-line per annum
Computer equipment	- 10% to 33% straight-line per annum

The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

2.13 Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for relief from the recognition of share premium, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2. Accounting policies (continued)

2.19 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets
If at the end of the reporting period, there is objective evidence of impairment (including observable data about loss events), the Company recognises an impairment loss in the Profit and Loss Account immediately. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2.20 Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving items.

The directors on a periodic basis will review the valuation of stock. This is performed on an individual vehicle basis when external factors, such as market trends, suggest the estimated retail price will be less than the cost price of the vehicle.

2. Accounting policies (continued)

2.21 Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Profit and Loss Account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the Balance Sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

a) The contractual return to the holder is:

(i) a fixed amount;
(ii) a positive fixed rate or a positive variable rate; or
(iii) a combination of a positive or a negative fixed rate and a positive variable rate.

b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

g) Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

h) With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through the Profit and Loss Account.

2. Accounting policies (continued)

i) Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

j) Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

k) Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Company's accounting policies
The directors have made the following critical judgement in the process of applying the Company's accounting policies that has a significant effect on the amounts recognised in the financial statements.

Warranty revenue
Along with the sale of cars, the Company offered a RAC branded warranty that covers the customer for mechanical issues for three years. The customer can pay this interest free over two years with a finance provider, if eligible. The warranty is purchased from a third-party provider who deals directly with the customer to manage any claims. The company has latitude in establishing the price for the warranty and has cancellation risk as the Company has an obligation to repay amounts received from the warranty finance provider following a cancellation with no corresponding refund from the warranty provider. Determining whether an entity is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances. For warranty sales, whilst the Company has latitude in establishing prices and has some risks, it has concluded that it acts as an agent as it has no responsibility for providing and fulfilling the warranty service.

As a result of this judgement, warranty revenue is recognised at the amount of the proceeds receivable net of the associated costs and is recognised immediately upon sale. This is a critical judgement in the process of applying the Company's accounting policies that has a significant effect on the amounts recognised in the financial statements. Warranty revenue, being proceeds less costs, was £8.3m for the year (2021: £6.2m). Had the judgement been that the entity is acting as a principal, then warranty sales revenue and expenses would be recognised in gross amounts and the revenue would be spread over the term of the warranty service. This would have reduced revenue in the profit and loss for the year to £7.2m (2021: £7.1m).

3. Judgments in applying accounting policies (continued)

During the year this product was replaced with our new Lifetime Warranty. This is on a subscription basis and it is determined that there is no critical judgment relating to the determination of whether the company is acting as a principal or as an agent.

3.2 Key source of estimation uncertainty

The following are the key estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Debit-back provisions

Warranty Income Provision

The Company offered an additional warranty product on the sale of all cars, with the option to defer payment over two years. A provision is made on the difference between the outstanding balance and the expected future cash flows based on historical loss experience. Outstanding warranty balances are written off against this provision when all the procedures to collect the amounts owed have been exhausted. This has now been replaced with our new Lifetime Warranty product that is on a subscription basis therefore no provision is needed for this new type of warranty income.

Finance Commission Provision

Where the Company secures finance for a customer, the lender will typically pay commission for the referral. Finance commissions can be subject to debit backs if certain conditions are not met. A provision is made based on the historical loss experience with the relevant lender.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	*2021* *£000*
Revenue from sale of motor vehicles	312,789	*232,209*
Revenue from motor related services and commissions	32,606	*25,394*
Miscellaneous income	281	*410*
	345,676	*258,013*

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

5. Other operating income

	2022 £000	2021 £000
Furlough Grant	-	3,360
Government grants	-	92
Profit on disposal of tangible assets	106	8,599
	106	12,051

In the prior period the Group utilised the government's Coronavirus Job Retention Scheme in relation to staff who had been furloughed following the closure of the Company's retail stores.

Profit on disposal of tangible assets in the prior year included the sale of the Merthyr site.

6. Operating Profit

Operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets (note 13)	1,359	1,318
Amortisation of intangible assets	34	24
Profit on disposal of fixed assets	(106)	(8,599)
Operating lease rentals	6,506	5,961
Write-off of expected profit share	651	-
Reorganisation costs expensed as incurred – included in administrative expenses	1,255	1,731

Reorganisation costs result from board and senior manager restructuring undertaken during the year.

7. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	70	62

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 **£000**	*2021* *£000*
Wages and salaries	27,035	*24,120*
Social security costs	2,878	*2,576*
Cost of defined contribution scheme	642	*508*
	30,555	*27,204*

The average monthly number of employees, including the directors, during the year was as follows:

	2022 **No.**	*2021* *No.*
Administrative staff	79	*64*
Operations staff	655	*584*
	734	*648*

9. Directors' remuneration

	2022 **£000**	*2021* *£000*
Directors' emoluments	2,575	*3,543*
Company contributions to defined contribution pension schemes	61	*47*
	2,636	*3,590*

The highest paid director received remuneration of £1,024k *(2021: £1,794k)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18k *(2021: £18k)*.

The number of directors that are part of a money purchase pension scheme is 4 (2021: 4).

10. Interest payable and similar expenses

	2022 £000	*2021 £000*
Finance leases and hire purchase contracts	18	*28*
Bank loans and overdrafts	1,284	*662*
	1,302	*690*

11. Taxation

	2022 £000	*2021 £000*
Corporation tax		
Current tax on profits for the year	903	*3,586*
Adjustments in respect of previous periods	29	*(152)*
Total current tax	932	*3,434*
Deferred tax		
Origination and reversal of timing differences	318	*99*
Adjustment from previous periods	(36)	*(113)*
Changes to tax rates	101	*(58)*
Total deferred tax	383	*(72)*
Taxation on profit	1,315	*3,362*

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £000	*2021* *£000*
Profit before taxation	6,918	*18,608*
Tax on profit at standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,314	*3,536*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	*149*
Adjustments to tax charge in respect of prior periods	(7)	*(265)*
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(93)	-
Tax rate changes	101	*(58)*
Total tax charge for the year	1,315	*3,362*

Factors that may affect future tax charges

An increase in the UK Corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset of £141k at 30 November 2022 has been calculated based on these rates, reflecting the expecting timing of reversal of the related timing differences (2021: 25%).

12. Intangible assets

	Computer software £000	Trademarks £000	Total £000
Cost			
At 1 December 2021	106	13	119
Additions	78	-	78
At 30 November 2022	184	13	197
Amortisation			
At 1 December 2021	39	13	52
Charge for the year	34	-	34
At 30 November 2022	73	13	86
Net book value			
At 30 November 2022	111	-	111
At 30 November 2021	*67*	-	*67*

13. Tangible fixed assets

	Leasehold improvements £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 December 2021	5,161	2,036	5,033	1,559	13,789
Additions	6,852	753	114	267	7,986
Disposals	-	(592)	-	-	(592)
At 30 November 2022	12,013	2,197	5,147	1,826	21,183
Depreciation					
At 1 December 2021	891	995	4,548	1,071	7,505
Charge for the year	477	328	292	262	1,359
Disposals	-	(278)	-	-	(278)
At 30 November 2022	1,368	1,045	4,840	1,333	8,586
Net book value					
At 30 November 2022	10,645	1,152	307	493	12,597
At 30 November 2021	*4,270*	*1,041*	*485*	*488*	*6,284*

Included within the net book value of motor vehicles is £0.4m (2021: £0.4m) relating to assets acquired on hire purchase.

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 December 2021	200
At 30 November 2022	200

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Can Can Car Finance Limited	Euro Centre, Neath Abbey Business Park, Neath Abbey, SA10 7DR	Finance Broking	Ordinary	100%
sellyourcartoday.com Ltd	Euro Centre, Neath Abbey Business Park, Neath Abbey, SA10 7DR	Dormant	Ordinary	100%

15. Stocks

	2022 £000	*2021* *£000*
Finished goods	41,401	*50,784*
	41,401	*50,784*

16. Debtors

	2022 £000	2021 £000
Due after more than one year		
Trade debtors	-	*630*
Deferred Tax	-	*242*
	-	*872*

	2022 £000	2021 £000
Due within one year		
Trade debtors	6,931	*7,786*
Amounts owed by related parties	36	*2,224*
Amounts owed by fellow subsidiaries	127	*124*
Other debtors	790	*525*
Prepayments and accrued income	2,019	*1,276*
	9,903	*11,935*

Amounts owed by Group undertakings are repayable on demand and do not bear interest.

17. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	6,482	*3,441*
	6,482	*3,441*

18. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Stocking loan	36,254	34,926
Trade creditors	5,157	7,022
Amounts owed to group undertakings	127	152
Amounts owed to own subsidiaries	-	45
Corporation tax	1,227	2,380
Other taxation and social security	741	785
VAT	614	813
Obligations under finance lease and hire purchase contracts	115	149
Other creditors	1,498	1,235
Accruals and deferred income	3,516	4,068
	49,249	51,575

Amounts owed to Group undertakings are repayable on demand and do not bear interest.

The facility limit on the stocking loan was £49.0m at 30 November 2022. The loan is an annual rolling facility with 120 days notice period and interest is charged at 1.6% above the Bank of England Base Rate. The balance on this loan was £36.3m at the year-end and is secured against vehicle stock.

19. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Net obligations under finance leases and hire purchase contracts	311	209
	311	209

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £000	2021 £000
Within one year	115	149
Between 1-5 years	311	209
	426	358

21. Provision for liabilities

	2022 £000	*2021* *£000*
At the beginning of the year	5,067	*3,148*
Additional provision during the year	3,065	*4,067*
Provision utilised during the year	(3,043)	*(2,148)*
Balance at the end of financial year	5,089	*5,067*

The debit-back provision is made up of a warranty income provision and finance commission provision (see note 3). The balance at 30 November 2022 associated to warranty income provision is £1.8m (2021: £2.6m). The provision does not include any amounts in relation to the new Lifetime Warranty product. The amount associated to finance commission provision is £3.3m (2021: £2.5m).

22. Deferred taxation

	2022 £000
Deferred tax (assets) / liabilities	
Provision at start of period	(242)
Adjustment in respect of prior years	(36)
Deferred tax charge to income statement for the period	419
Provision at end of period	141

	2022 £000	*2021* *£000*
Fixed asset timing differences	239	*(150)*
Short term timing differences	(98)	*(92)*
	141	*(242)*

23. Share capital

	2022 £	*2021* £
Allotted, called up and fully paid		
50,000 Class A shares of £1.0000 each	50,000	*50,000*
600 Class B shares of £0.0010 each	1	*1*
	50,001	*50,001*

24. Contingent liabilities

Bailey Family Investments PLC and The Trade Centre Group PLC have an arrangement of unlimited cross guarantees whereby the bank liabilities of the Group are secured by the assets of the Group.

25. Pension commitments

Defined contribution schemes:
The Company operates a defined contribution scheme for employees. The total amount charged to the profit and loss account during the year in respect of this scheme was £0.6m (2021: £0.5m). At the balance sheet date, outstanding contributions amounted to £0.1m (2021: £0.1m).

26. Commitments under operating leases

At 30 November 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	*2021* £000
Not later than 1 year	6,568	*6,124*
Later than 1 year and not later than 5 years	26,065	*24,647*
Later than 5 years	95,802	*98,962*
	128,435	*129,733*

During the year £6.5m was recognised by the Company as an expense in the profit and loss account in respect of operating leases in relation to land, buildings and vehicles.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022

27. Related party transactions

	2022 £000	*2021* *£000*
Transactions paid on behalf of;		
Saxon Automobiles Limited - common director	24	*48*
M T R Bailey - company director	27	*418*
Sales to;		
M T R Bailey - company director	54	-

	2022 £000	*2021* *£000*
Debtor / (Creditor) balances		
Saxon Automobiles Limited - common director	34	*2,222*
Globalneed Limited - common director	2	*2*
	36	*2,224*

The Company is exempt under FRS 102 section 33 not to disclose transactions with entities, 100% of whose voting rights are controlled within the Group.

See note 9 for disclosure of the directors' remuneration.

28. Subsidiary company's exemptions from audit by parent guarantee

The following subsidiary company has taken exemption from audit by parent guarantee under s479A of the Companies Act:

Can Can Car Finance Limited Company number: 08175834

29. Controlling party

The immediate and ultimate parent company is Bailey Family Investments PLC. Bailey Family Investments PLC is the smallest and largest group for which consolidated financial statements are prepared. Copies of these financial statements can be found at Companies House, Crown Way, Maindy, Cardiff, or at the Company's registered office.

M T R Bailey is considered to be the ultimate controlling party by virtue of holding 95% of the issued ordinary share capital of Bailey Family Investments PLC.