

**AUTORAMA UK LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2023**

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**AUTORAMA UK LTD**

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**COMPANY INFORMATION**

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**Directors**

N J Coe (appointed 22 June 2022)  
J J Warner (appointed 22 June 2022)  
C R Faiers (appointed 11 September 2023)

**Company secretary**

C V Baty (appointed 20 July 2022)

**Registered number**

05137709

**Registered office**

Vanarama  
Maylands Avenue  
Hemel Hempstead  
Hertfordshire  
HP2 7DE

**Independent auditors**

MHA  
Chartered Accountants & Statutory Auditors  
Moorgate House  
201 Silbury Boulevard  
Milton Keynes  
MK9 1LZ

**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**Introduction**

The Directors present their Strategic Report on the Company for the 15-month period ended 31 March 2023. The principal activity of the Company is to operate as an independent car and commercial vehicle finance broker.

On 22 June 2022, Auto Trader Group plc acquired the entire share capital of the Company. The Company's ultimate parent and controlling party is now Auto Trader Group plc.

These financial statements are prepared for an extended accounting period of 15 months to 31 March 2023, to align the accounting reference date with that of Auto Trader Group plc. As a result, the prior period comparative figures for the year ended 31 December 2021 are not directly comparable.

**Business review**

On 22 June 2022, Autorama UK Limited ('Autorama') was acquired by Auto Trader Group plc ('Auto Trader'). There are significant structural changes taking effect within the new vehicle market, including the growth of electric cars, the growth of leasing, new manufacturers entering the UK market and a shift towards new digital distribution models. Auto Trader is looking to enhance its new car proposition, ensuring it is well placed to take advantage of these structural changes which in large part is why it acquired Autorama. By combining Autorama's capabilities with Auto Trader's platform and scale, Auto Trader believes it can create a compelling proposition for manufacturers, retailers and leasing companies, with a significant opportunity to reduce existing customer acquisition costs within the Autorama business and grow profitability. Following the acquisition, the accounting period was extended to 31 March 2023 to align with the broader Group.

New car registration volumes continue to be impacted by supply chain challenges. Registrations for the 15-month period to March 2023 were 2.1 million. Looking at the 12-month period to the end of March 2023, new car registrations were 1.7 million, which was +3% versus the same 12-month period in the prior year but still -19% behind pre-pandemic levels (12-month period to March 2020). EVs accounted for 279k registrations in the 12-month period to March 2023, a 25% year-on-year increase. Constraint of supply has been more acute in the light commercial vehicle segment, in which the business also operates. LCV registrations for the 15-month period to March 2023 were 370k. Looking at the 12-month period to the end of March 2023 LCV registrations were 295k, which was -11% versus the same 12-month period in the prior year.

Autorama revenue was £50.7m, with Vehicle and Accessory Sales contributing £30.4m, and Commission and Ancillary revenue contributing £20.3m. The Autorama business delivered c.1,200 vehicles which were temporarily taken on balance sheet in the reported 15-month period. This represented just under 10% of total vehicles delivered in the period. The cost of these vehicles was taken through cost of sales, which led to gross profit of £16.6m. People costs of £17.3m related to the 221 FTEs employed on average through the 15-month period. Marketing in the period was £8.7m. Other costs of £9.0m include IT services, property, other overheads and some depreciation and amortisation of developed software. Autorama made an operating loss of £57.6m. The business strategy is to integrate into Auto Traders' technology and platform thereby benefitting from the company's scale and audience. This integration which started during the reporting period is expected to see growth in the volume of cars that Autorama transact over future years.

**Principal risks and uncertainties**

There are a number of general operating risks faced by the business, largely around the intermediary relationships with its key stakeholders – the manufacturers, dealers and leasing company funders and the respective terms offered. The Company manages this general risk by virtue of the fact that it enjoys relationships with a range of suppliers with no undue concentration or reliance on any one.

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2023**

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Compliance is a key focus area given the regulated nature of a large element of the Company's business. We have a dedicated compliance manager and an on-going programme of call review, feedback and investigation. Compliance incidents are reported and reviewed in formal monthly Board meetings.

The main current sector challenges relate to the supply of vehicle components, and particularly the shortage of wiring looms which are largely manufactured in Ukraine and has had a resulting impact on vehicle production and supply. Global vehicle production in 2022 and 2021 was down significantly compared to historic averages and this is also likely to be the case in 2023 which will continue to lead to extended lead times and delivery delays.

More detailed coverage of the Company's principal risks and uncertainties is published within the Annual Report and Financial Statements of Auto Trader Group plc, as all are managed on a Group basis. As the financial statements of Auto Trader Group plc are publicly available, the Company has therefore not included full disclosure of these items in its own financial statements.

**Financial key performance indicators**

The business uses a range of KPIs compared to budget and prior year to monitor business performance. These are included in monthly management accounts and reviewed in bi-monthly Board meetings. A sample of these measures for the 2023 financial period are included in the table below:

	<b>2023</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
Revenue	50.7	59.4
Gross profit	16.6	22.6
Admin expenses	35.0	28.2
Operating loss	(57.6)	(6.8)

**Other key performance indicators**

Net Promoter Score averaged 72 throughout the 15-month period. Customer experience has been heavily impacted by delays experienced on vehicle delivery times caused by challenges further up the supply chain, a problem which has now improved during FY24. This was the main area cited as the reason for cancellation of orders and has been a key factor in complaints. Our NPS score of 72 is a strong score given the challenging circumstances.

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



J J Warner  
Director

Date: 14 December 2023

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 MARCH 2023**

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The directors present their report and the financial statements for the period ended 31 March 2023. Comparative financial information is for the year ended 31 December 2021.

**Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activity**

The principal activity of the Company is to operate as an independent car and commercial vehicle finance broker.

**Results and dividends**

The loss for the period, after taxation, amounted to £58,006,376 (2021 - loss £6,781,261).

**Directors**

The directors who served during the period were:

G Lemon (resigned 8 September 2023)  
A S Alderson (resigned 18 July 2023)  
D S Taylor (resigned 20 April 2023)  
H King (resigned 14 April 2022)  
E Conway (resigned 22 June 2022)  
D Bernstein (resigned 22 June 2022)  
N J Coe (appointed 22 June 2022)  
J J Warner (appointed 22 June 2022)  
A S Ross (appointed 20 July 2022, resigned 29 September 2023)  
C R Faiers (appointed 11 September 2023)

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**Future developments**

The Company will continue its strategy of growing market share in the van, pickup truck and car market, alongside the complementary vehicle insurance business, via its e-commerce platform and digital marketplace. Investment in the platform along with a number of strategic partnerships will support growth in these areas, complemented by the increased customer reach anticipated from the acquisition by Auto Trader Group plc.

**Greenhouse gas emissions, energy consumption and energy efficiency action**

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption has been disclosed in its parent company accounts, Auto Trader Group plc. Copies of Auto Trader Group plc consolidated financial statements can be obtained from the address given in note 27 to these financial statements.

**Risk management**

In the course of its business, the Company is exposed to market risk, credit risk and liquidity risk. The Company's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Company. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of Directors.

**Section 172(1) statement**

The directors of Autorama UK Limited consider, both individually and collectively, that they have acted 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 (having regard to the stakeholders and matters set out in S172(1) (a) - (f) of the Companies Act 2006) in the decisions taken during the period ended 31 March 2023

**Independent auditor**

Following a rebranding exercise on 15 May 2023 the trading name of the Company's independent auditor changed from MHA Macintyre Hudson to MHA. A resolution to reappoint MHA as independent auditor, in accordance with section 485 of the Companies Act 2006, will be proposed at the next Annual General Meeting.

**Disclosure of information to auditor**

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 and the Group'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 and the Group's auditors are aware of that information.

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AUTORAMA UK LTD

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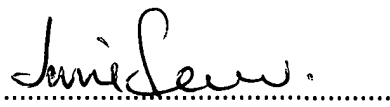
**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**Post balance sheet events**

After the year end Vanarama USA Inc, a subsidiary undertaking of the Company, was dissolved. See note 28 for details.

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



J J Warner  
Director

Date: 14 December 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTORAMA UK LTD**

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**Opinion**

We have audited the financial statements of Autorama UK Limited (the 'Company') for the 15-month period ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 March 2023 and of its profit for the 15-month period 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 United Kingdom, including the Financial Reporting Council'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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTORAMA UK LTD (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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.

**Opinion 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' Responsibilities Statement set out on page 6, 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 is 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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTORAMA UK LTD (CONTINUED)**

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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 an Auditors' Report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management and those charged with governance around actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with 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;
- reviewing financial statement disclosures and testing to supporting documentation to access compliance with applicable laws and regulations.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**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 an Auditors' 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.

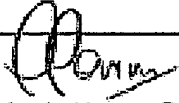
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**AUTORAMA UK LTD**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTORAMA UK LTD (CONTINUED)**

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Martin Herron BA (Hons) ACA (Senior Statutory Auditor)  
for and on behalf of

**MHA**  
Statutory Auditors  
Milton Keynes  
United Kingdom  
Date: 15 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales  
(registered number OC312313)

**COMPANY STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 2023**

		<b>15 Months to 31 March 2023</b>	<b>Year ended 31 December 2021 restated*</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Turnover	4	50,676,502	59,415,563
Cost of sales		(34,110,863)	(36,851,863)
<b>Gross profit</b>		<b><u>16,565,639</u></b>	<b><u>22,563,700</u></b>
Administration expenses		(35,000,570)	(28,164,288)
Exceptional administrative expenses	11	(39,191,509)	(1,202,428)
Other operating income	5	-	18,663
<b>Operating loss</b>		<b><u>(57,626,440)</u></b>	<b><u>(6,784,353)</u></b>
Interest receivable and similar income		28,396	-
Interest payable and similar expenses	9	(408,332)	(788,979)
<b>Loss before taxation</b>		<b><u>(58,006,376)</u></b>	<b><u>(7,573,332)</u></b>
Tax on loss	10	-	792,071
<b>Loss for the financial period</b>		<b><u>(58,006,376)</u></b>	<b><u>(6,781,261)</u></b>

\*2021 results are restated due to interest on the Company's vehicle stocking loan facility having been reclassified from administration expenses to interest payable and similar expenses. There is no impact on the overall loss for the period or net assets but the administration expenses balance has decreased by £253,653 and the interest payable and similar expenses balance has increased by £253,653.

The notes on pages 15 to 41 form part of these financial statements.


COMPANY BALANCE SHEET  
AS AT 31 MARCH 2023

	Note	31 March 2023 £	31 December 2021 £
<b>Fixed assets</b>			
Intangible assets	12	2,520,114	3,371,352
Tangible assets	13	5,851,550	6,298,968
Investments	14	1,247,500	1,047,500
		<u>9,619,164</u>	<u>10,717,820</u>
<b>Current assets</b>			
Stocks	15	3,573,413	1,588,159
Debtors: amounts falling due within one year	16	6,727,326	8,480,025
Cash at bank and in hand	17	6,925,858	8,216,467
		<u>17,226,597</u>	<u>18,284,651</u>
Creditors: amounts falling due within one year	18	(14,641,578)	(12,516,584)
<b>Net current assets</b>		<u>2,585,019</u>	<u>5,768,067</u>
<b>Total assets less current liabilities</b>		<u>12,204,183</u>	<u>16,485,887</u>
Creditors: amounts falling due after more than one year	19	-	(10,000,000)
<b>Provisions for liabilities</b>			
Other provisions	21	(18,010)	(164,329)
<b>Net assets</b>		<u>12,186,173</u>	<u>6,321,558</u>

COMPANY BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2023

	Note	31 March 2023 £	31 December 2021 £
<b>Capital and reserves</b>			
Called up share capital	22	105,334	89,548
Share premium account	23	42,872,872	18,209,176
Share based payment reserve	23	40,393,937	1,202,428
Profit and loss account		(71,185,970)	(13,179,594)
		<u>12,186,173</u>	<u>6,321,558</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
J J Warner  
Director

Date: 14 December 2023

The notes on pages 15 to 41 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2023**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 January 2021</b>	<b>74,996</b>	<b>13,204,016</b>	<b>-</b>	<b>(6,398,333)</b>	<b>6,880,679</b>
Loss for the year	-	-	-	(6,781,261)	(6,781,261)
Fair value from share option exercise	-	-	1,202,428	-	1,202,428
Shares issued during the year	14,552	5,005,160	-	-	5,019,712
<b>At 31 December 2021</b>	<b>89,548</b>	<b>18,209,176</b>	<b>1,202,428</b>	<b>(13,179,594)</b>	<b>6,321,558</b>
Loss for the period	-	-	-	(58,006,376)	(58,006,376)
Fair value from share option exercise	-	-	424,386	-	424,386
Deferred consideration – value of employee services	-	-	38,767,123	-	38,767,123
Shares issued during the period	15,786	24,663,696	-	-	24,679,482
<b>At 31 March 2023</b>	<b>105,334</b>	<b>42,872,872</b>	<b>40,393,937</b>	<b>(71,185,970)</b>	<b>12,186,173</b>

The notes on pages 15 to 41 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**1. General information**

Autorama UK Ltd (registered number: 05137709) is a private company limited by shares, incorporated in England and Wales. The address of its registered office is the same as its principal place of business and is disclosed on the company information page.

The principal activity of the Company is to operate as an independent car and commercial vehicle finance broker.

The financial statements are prepared in sterling, which is also the functional currency of the Company. The figures in the financial statements are rounded to the nearest £1.

These financial statements are prepared for an extended accounting period of 15 months to 31 March 2023, to align the accounting reference date with that of Auto Trader Group plc. As a result, the prior period comparative figures for the year ended 31 December 2021 are not directly comparable.

**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 financial statements contain information about Autorama UK Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Auto Trader Group plc, a company incorporated in England and Wales. Copies of Auto Trader Group plc consolidated financial statements can be obtained from the address given in note 27 to these financial statements.

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

**2.2 Exemptions taken**

The Company satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the consolidated financial statements of Auto Trader Group plc. The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

This information is included in the consolidated financial statements of Auto Trader Group plc Limited as of 31 March 2023 and these financial statements may be obtained from Companies House.

The following principal accounting policies have been applied:

**2.3 Going concern**

The Company has made a net loss of £58,006,376 (including an exceptional shared based payment charge of £38,767,123 in relation to the deferred consideration detailed at note 11) for the 15-month period ended 31 March 2023.

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

Auto Trader Group plc became the ultimate controlling party of Autorama UK Ltd in June 2022 following the acquisition of the Company. Auto Trader Group plc has confirmed that it will provide additional funding, should it be required in the next 12 months from the date of signature of the audit report, to ensure that Autorama UK Ltd can continue to meet its liabilities as they fall due.

Accordingly, having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and financial statements.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.4 Revenue (continued)**

- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Finance commissions and volume related bonuses**

Volume related bonuses are recognised in revenue as volume targets are met in order for the bonus to be earned.

Finance commissions earned on the sale of a vehicle are recognised as revenue in the same period the vehicle is delivered to the customer.

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. The estimated useful lives range as follows:

Software development	- 3 years
Franchise buyback	- 3 years

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

Freehold property	- 50 years
Motor vehicles	- 4 - 8 years
Leasehold improvements and fixtures & fittings	- 5 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit or loss.

**2.9 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.

**2.10 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.

**2.11 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.12 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.

**2.13 Government grants**

Grants relating to the Job Retention Scheme are accounted under the accruals model as permitted by FRS 102. The accrued element of grants is included in debtors as accrued income.

Grants relating to the Job Retention Scheme are recognised in the statement of comprehensive income within other operating income in the same period as the related staff costs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.14 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.15 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.16 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**2.17 Operating leases**

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.

**2.18 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.

**2.19 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.20 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.21 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**2.22 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.23 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**2. Accounting policies (continued)**

**2.24 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is three years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**3. Judgements 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, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

**Tangible fixed assets: valuation and depreciation**

Management determines the estimated useful lives and related depreciation charges for the Company's tangible fixed assets. Management will revise the depreciation charge and where useful lives are different to those previously estimated.

**Determining provisions for bad debts**

In determining the level of bad debt provision required, management review debtors on an ongoing basis. Judgement is exercised by management to determine which debts to provide for during the period. Failure to make the right judgement will result in either overstatement or understatement of assets.

**Determining provisions for vehicle stock**

In determining the level of vehicle stock provision required, management review stock ageing on an ongoing basis. The level of vehicle stock provision is determined on the basis of an agreed policy linked to the age of vehicles held in stock.

**TLC provision on leased vehicles**

The Company offers free breakdown cover on leased vehicles. In determining the level of provision required, management review historical data and trends available and make assumptions and judgements based on this in order to establish a provision.

**Fair value of EMI share options**

Under FRS 102 the value of the share options recognised in the profit and loss account need to be adjusted so that they are recognised at fair value, and updated to reflect the period the share options have been held. The directors have determined the fair value of the equity instruments at the grant date in order to calculate the fair value adjustment for the EMI share options.

**Deferred consideration**

The settlement of the deferred £50.0m consideration is subject to condition for continuing employment to 22 June 2023 and the employees are deemed to be providing service to Autorama UK Limited only, therefore the amount has been recorded as a post-acquisition expense in the Company's profit and loss account over the period of service, which extends to the first anniversary of the acquisition. See note 25 for further details.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**4. Turnover**

All turnover arose within the United Kingdom.

All turnover which arose during the period was derived through the Company's principal activity which is to operate as an independent car and commercial vehicle finance broker.

	2023 £	2021 £
<b>Turnover</b>		
Sales	50,676,502	59,415,563
	<u>50,676,502</u>	<u>59,415,563</u>

**5. Other operating income**

	2023 £	2021 £
Government grants receivable	<u>-</u>	<u>18,663</u>

Government grants receivable in the prior period relate to funds received in relation to the job retention scheme.

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**AUTORAMA UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**6. Operating loss**

Operating loss is stated after charging:

	2023 £	2021 £
Wages and salaries	15,281,107	10,443,706
Social security costs	1,824,087	1,183,162
Defined contribution pension costs	232,503	148,942
<b>Staff costs</b>	<b><u>17,337,697</u></b>	<b><u>11,775,810</u></b>
Depreciation of property, plant and equipment	630,109	550,919
Amortisation of intangible assets	2,454,342	1,587,117
Audit fees payable to the Company's auditors	52,750	34,000

Wages and salaries excludes contractor costs of £537,487 (2021: £602,521).

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**7. Employees**

The average monthly number of full-time equivalents (including executive Directors) employed by the Company during the period was:

	<b>2023 No.</b>	<b>2021 No.</b>
Sales staff	52	69
Administrative staff	169	157
	<u>221</u>	<u>226</u>

**8. Directors' remuneration**

Other than as disclosed below, the emoluments of the Directors have been borne by other Group companies and not disclosed as the qualifying services provided to the Company are considered incidental to services provided elsewhere within the Group.

	<b>2023 £</b>	<b>2021 £</b>
Directors' emoluments	<b>1,246,976</b>	940,496
Company contributions to defined contribution pension schemes	<b>3,301</b>	2,638
	<u><b>1,250,277</b></u>	<u>943,134</u>

During the period retirement benefits were accruing to 2 Directors (2021 – 2 Directors) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £649,987 (2021 - £373,438).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

**9. Interest payable and similar expenses**

	2023 £	2021 restated* £
Bank interest payable	120,309	177,826
Interest payable on convertible loans	77,377	357,500
Interest payable on vehicle stocking loan facility	210,646	253,653
	<u>408,332</u>	<u>788,979</u>

\*2021 results are restated due to interest on the Company's vehicle stocking loan facility having been reclassified from administration expenses to interest payable and similar expenses. There is no impact on the overall loss for the period or net assets but the administration expenses balance has decreased by £253,653 and the interest payable and similar expenses balance has increased by £253,653.

**10. Taxation**

	2023 £	2021 £
<b>Corporation tax</b>		
Corporation tax refunds	-	(405,889)
R&D Tax Credits	-	(410,706)
<b>Total current tax</b>	<u>-</u>	<u>(816,595)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>-</u>	<u>24,524</u>
<b>Taxation on loss on ordinary activities</b>	<u>-</u>	<u>(792,071)</u>

**Factors affecting tax charge for the period**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

**10. Taxation (continued)**

	2023 £	2021 £
Loss on ordinary activities before tax	<u>(58,006,376)</u>	<u>(7,579,726)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>(11,021,211)</b>	(1,440,148)
<b>Effects of:</b>		
Disallowed expenses	-	5,226
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>7,452,050</b>	301,552
Capital allowances for year in deficit / (excess) of depreciation	<b>356,079</b>	4,038
Prior year corporation tax refunds	-	(405,889)
R&D expenditure deduction	-	(686,192)
EMI share scheme deduction	<b>(2,303,895)</b>	-
Fair value from share option exercise	-	228,461
Origination and reversal of timing differences	-	24,524
R&D tax credits	-	(410,706)
Group relief for nil consideration	<b>2,033,385</b>	-
Unutilised losses carried forward	<b>3,483,592</b>	1,587,063
<b>Total tax charge for the period</b>	<u><b>-</b></u>	<u><b>(792,071)</b></u>

**Factors that may affect future tax charges**

On 1 April 2023 the main rate of corporation tax in the UK increased to 25%.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**11. Exceptional items**

	<b>2023</b>	2021
	<b>£</b>	<b>£</b>
Fair value charge from share option exercise	<b>424,386</b>	1,202,428
Deferred consideration	<b>38,767,123</b>	-
	<u><b>39,191,509</b></u>	<u><b>1,202,428</b></u>

A share-based payment charge of £38,767,123 (2021: £nil) has been recorded in the profit and loss account for the period, relating to deferred consideration for the acquisition of the Company by Auto Trader Group plc, which is payable in shares and contingent on post-acquisition employment and service conditions.

On 22 June 2022, 5,820 of share options were exercised. Under FRS 102 the value of the EMI share options recognised in the profit and loss account need to be adjusted so that they are recognised at fair value, and updated to reflect the period the share options have been held. The fair value of the EMI share options was spread evenly across the 23-month vesting period, with £424,386 recognised as an expense in the profit and loss account in the current period and £1,202,428 recognised as an expense in the profit and loss account in the prior period.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023

12: Intangible assets

	Software development £	Franchise buyback £	Total £
<b>Cost</b>			
At 1 January 2022	5,749,426	551,421	6,300,847
Additions	1,536,104	67,000	1,603,104
Disposals	(1,136,249)	-	(1,136,249)
At 31 March 2023	6,149,281	618,421	6,767,702
<b>Amortisation</b>			
At 1 January 2022	2,761,350	168,145	2,929,495
Charge for the period	2,210,207	244,135	2,454,342
Disposals	(1,136,249)	-	(1,136,249)
At 31 March 2023	3,835,308	412,280	4,247,588
<b>Net book value</b>			
At 31 March 2023	<u>2,313,973</u>	<u>206,141</u>	<u>2,520,114</u>
At 31 December 2021	<u>2,988,074</u>	<u>383,276</u>	<u>3,371,352</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**
**13. Tangible fixed assets**

	Freehold property £	Motor vehicles £	Leasehold improvements and fixture & fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2022	5,379,604	1,229,435	1,163,103	861,675	8,633,817
Additions	-	36,063	10,533	426,599	473,195
Disposals	-	(448,505)	(251,907)	(423,997)	(1,124,409)
At 31 March 2023	<u>5,379,604</u>	<u>816,993</u>	<u>921,729</u>	<u>864,277</u>	<u>7,982,603</u>
<b>Depreciation</b>					
At 1 January 2022	519,183	269,496	964,180	581,990	2,334,849
Charge for the period	140,650	198,494	74,130	216,835	630,109
Disposals	-	(161,967)	(247,941)	(423,997)	(833,905)
At 31 March 2023	<u>659,833</u>	<u>306,023</u>	<u>790,369</u>	<u>374,828</u>	<u>2,131,053</u>
<b>Net book value</b>					
At 31 March 2023	<u>4,719,771</u>	<u>510,970</u>	<u>131,360</u>	<u>489,449</u>	<u>5,851,550</u>
At 31 December 2021	<u>4,860,421</u>	<u>959,939</u>	<u>198,923</u>	<u>279,685</u>	<u>6,298,968</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**14 Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2022	1,047,507
Additions	200,000
At 31 March 2023	<u>1,247,507</u>
<b>Impairment</b>	
At 1 January 2022	7
Charged to profit or loss	-
At 31 March 2023	<u>7</u>
<b>Net book value</b>	
At 31 March 2023	<u>1,247,500</u>
At 31 December 2021	<u>1,047,500</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

**14 Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Vanarama Limited	Quantum House Maylands Avenue, Hemel Hempstead Industrial Estate, Hemel Hempstead, England, HP2 7DE	Dormant	Ordinary	100%
Autorama Holding (Malta) Limited	The Landmark, Level 2, Suite 1, Triq l-Iljun, Qormi, Malta.	Investment company for a protected cell company	Ordinary	100%
Vanarama USA Inc	800 Battery Ave SE Ste 100 Atlanta, GA, 30339-5107, United States	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2023 and the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves*</b>	<b>Profit/(Loss) *</b>
	<b>£</b>	<b>£</b>
Vanarama Limited	1	-
Autorama Holding (Malta) Limited	1,193,024	(13,157)
Vanarama USA Inc	-	-

\*Autorama Holding (Malta) Limited balances are as at 31 December 2022.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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**15. Stocks**

	<b>2023</b>	2021
	<b>£</b>	£
Goods for resale	<u><b>3,573,413</b></u>	<u>1,588,159</u>

Stock recognised in cost of sales during the period as an expense was £32,384,875 (2021 - £36,410,165).

An impairment loss of £19,411 (2021 - £17,495) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

**16. Debtors**

	<b>2023</b>	2021
	<b>£</b>	£
Trade debtors	<b>2,355,903</b>	2,256,354
Other debtors	<b>1,556,475</b>	1,663,970
Prepayments and accrued income	<b>2,289,670</b>	4,034,423
Deferred taxation (note 20)	<b>525,278</b>	525,278
	<u><b>6,727,326</b></u>	<u>8,480,025</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

**17. Cash and cash equivalents**

	2023 £	2021 £
Cash at bank and in hand	<u>6,925,858</u>	<u>8,216,467</u>

**18. Creditors: Amounts falling due within one year**

	2023 £	2021 £
Bank loans	-	500,000
Trade creditors	4,553,700	1,202,306
Other taxation and social security	-	795,275
Other creditors	6,077,612	5,972,124
Amounts owed to Group undertakings	486,452	-
Accruals and deferred income	3,523,814	4,046,879
	<u>14,641,578</u>	<u>12,516,584</u>

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are therefore repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**

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

	2023 £	2021 £
Bank loans	-	3,500,000
Other loans	-	6,500,000
	<u>-</u>	<u>10,000,000</u>

During the prior year Autorama UK Ltd obtained a loan of £4,000,000 from Investec Bank PLC. The loan accrued interest at a rate of 5.85% and was repayable over a 3 year term. The loan was secured by a full fixed and floating charge over all assets and a charge over the shares in Autorama UK Ltd owned by A Alderson and G Lemon. A Alderson provided a personal guarantee guaranteeing all of Autorama UK Ltd's obligations to Investec Bank PLC, but limited to 20% of the facility limit plus interest and costs.

For the year ended 31 December 2021 the Group met its bank covenants. However, subsequent to the year end, the Group was in breach of its bank loan covenants as at 28 February 2022. The waiver in relation to the breach of the covenants for February 2022 was agreed by Investec Bank on 11 March 2022. This was a non adjusting post balance sheet event and therefore the bank loan with Investec was classified as £500,000 due within one year and £3,500,000 due in over one year.

During the prior year, a fixed and floating charge over certain assets existed in favour of Pentland Securities Limited in respect of a convertible loan of £6,500,000.

On 21 March 2022, the £6,500,000 loan notes with Pentland Securities Limited were converted to 6,375 Preferred shares with a nominal value of £1 each. The effective price paid for each Preferred share was £1,019.61 per share.

All outstanding loan balances were settled following the acquisition of the Company by Auto Trader Group plc on 22 June 2022.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023

20. Deferred taxation

	2023 £	2021 £
At beginning of period	525,278	549,859
Credited to profit or loss	-	(24,581)
<b>At end of period</b>	<b>525,278</b>	<b>525,278</b>
	2023 £	2021 £
Accelerated capital allowances	(53,174)	(143,671)
Tax losses carried forward	575,256	665,753
Pension surplus	3,196	3,196
	<b>525,278</b>	<b>525,278</b>

Due to a lack of certainty around the timing of the return to profitability, the Company has not recognised in full, for the deferred tax asset which has arisen on cumulative taxable losses at 31 March 2023.

If the full deferred tax asset had been recognised it would have amounted to £7,514,602 (2021: £3,141,037), being £7,564,580 (2021: £3,281,512) calculated at 25% (2021: 25%) of the taxable losses carried forward of £30,258,320 (2021: £13,126,051), and a liability of £49,978 (2021: £140,476) calculated at 25% (2021: 25%) of the other temporary timing differences.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023

21. Provisions

	TLC provision £	Dilapidation provision £	Total £
At 1 January 2022	112,925	51,404	164,329
Charged to profit or loss	-	10,861	10,861
Released in the period	(30,352)	-	(30,352)
Utilised in the period	(64,563)	(62,265)	(126,828)
<b>At 31 March 2023</b>	<b>18,010</b>	<b>-</b>	<b>18,010</b>

A Total Lease Care ('TLC') provision is recognised for expected costs on commercial leases sold to customers who, as part of their lease, were entitled to free breakdown and replacement hire vehicle cover at the expense of the Company. The provision will be utilised when the costs are incurred.

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**22. Share capital**

	<b>2023</b>	2021
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
0 (2021 - 5,310) Ordinary shares of £1.00 each	-	5,310
10,533,355 (2021 - 0) Ordinary shares of £0.01 each	<b>105,334</b>	-
0 (2021 - 47,790) A Ordinary shares of £1.00 each	-	47,790
0 (2021 - 2,335) B Ordinary shares of £0.01 each	-	23
0 (2021 - 0) C Ordinary shares of £0.01 each	-	-
0 (2021 - 36,425) Preference shares of £1.00 each	-	36,425
	<u><b>105,334</b></u>	<u><b>89,548</b></u>

On 21 March 2022, £6,500,000 loan notes with Pentland Securities Limited were converted to 6,375 Preferred shares with a nominal value of £1 each. The effective price paid for each Preferred share was £1,019.61 per share.

On 22 June 2022 the Company issued 5,820 C Ordinary shares with a nominal value of £0.01 each following the exercise of options issued under the EMI share scheme.

On 22 June 2022 the Company sub-divided 2,534 Preferred shares with a nominal value of £1 per share into 253,400 Preferred shares with a nominal value of £0.01 per share. The Company then re-designated 253,400 Preferred shares with a nominal value of £0.01 per share and 62 B Ordinary shares with a nominal value of £0.01 per share to 253,462 Deferred shares with a nominal value of £0.01 per share.

On 12 October 2022, a £17,831,969 loan with Auto Trade Group plc was converted to 9,341 Ordinary shares with a nominal value of £1 per share. The effective price paid for each Ordinary share was £1,909.00 per share.

On 28 November 2022 the Company re-designated 47,790 A Ordinary shares, 31,373 Preferred shares and 8,904 Senior Preferred shares each with a nominal value of £1 per share to Ordinary Shares.

On 28 November 2022 the Company sub-divided 102,718 Ordinary shares with a nominal value of £1 per share into 10,271,800 Ordinary shares with a nominal value of £0.01 per share.

On 28 November 2022 the Company re-designated 2,273 B Ordinary shares, 5,820 C Ordinary shares and 253,462 Deferred shares each with a nominal value of £0.01 per share to Ordinary Shares.

The Ordinary shares have full voting, dividend and capital distribution rights.

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**23. Reserves**

**Share premium account**

The share premium account includes premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Share based payment reserve**

The share based payment reserve reflects the fair value adjustment in relation to the EMI share options which were held in Autorama UK Ltd and the share based payment charge in relation to the deferred consideration.

**Profit and loss account**

The profit and loss account reserve includes all current and prior period retained profits and losses.

**24. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £232,503 (2021 - £148,942). Contributions totalling £40,542 (2021 - £46,083) were payable to the fund at the balance sheet date and are included in creditors.

**25. Share based payments**

**Deferred consideration**

On 22 June 2022, Auto Trader Group plc acquired 100% of the share capital of the Company for initial consideration of £150.0m, with an additional £50.0m deferred until 22 June 2023 and settled in shares subject to employment and performance conditions.

As the settlement of the deferred £50.0m consideration is subject to condition for continuing employment to 22 June 2023, and the employees are deemed to be providing service to Autorama UK Limited only, the amount has been recorded as a post-acquisition expense in the profit and loss account over the period of service, which extends to the first anniversary of the acquisition. A share-based payment charge of £38,767,123 (2021: £nil) has been recorded in the current period.

**EMI share options**

On 28 July 2020, the Company granted new EMI share options. The scheme rules stated the options may not be exercised before the later of the second anniversary of the date of the grant and the date on which the exercise conditions are satisfied in respect of the option, unless an earlier event occurs such that they become exercisable under the scheme rules. The acquisition of Autorama UK Limited by Auto Trader Group plc was such a qualifying event. The options will lapse upon the 10 year anniversary from the date of grant, assuming they are not exercised before then and no event occurs to cause them to lapse earlier under the scheme rules.

On 22 June 2022, 5,820 of share options were exercised. Under FRS 102 the value of the share options recognised in the profit and loss account need to be adjusted so that they are recognised at fair value,

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**25. Share based payments (continued)**

and updated to reflect the period the share options have been held. The share options were exercised in June 2022 making the vesting period 23 months.

The fair value of the share options has been spread evenly over the vesting period and recognised as an expense in the profit and loss with £424,386 recognised in the current period and £1,202,428 recognised in the prior period. There was no liability arising from the share-based payment transaction at either period end.

**26. Related party transactions**

During the period D A Bernstein, a director, invoiced a total of £30,207 (2021 - £75,000) to the Company for consultancy services. No amounts were due at either period end.

During the period H T King, a director, invoiced a total of £19,478 (2021 - £63,419) to the Company for consultancy services. No amounts were due at either period end.

During the period sales were made to the Fitness Brand Limited, which is owned by A Alderson, a director of the Company at the period end of £3,124 (2021: £2,983). No amounts were due at either period end.

A director of the Company paid £750,000 to the Company in order to fund the first tranche of an employee bonus payment. £208,477 is due to Autorama UK Limited at 31 March 2023 (2021: £nil) in relation to the second, and final, tranche of the bonus which was settled in June 2023.

**27. Controlling party**

On 22 June 2022, Auto Trader Group plc acquired 100% of the share capital of the Company and on this date became the ultimate parent company of Autorama UK Limited. In the opinion of the directors there is no ultimate controlling party of Auto Trader Group plc. Copies of Auto Trader Group plc consolidated financial statements can be obtained from the Company Secretary at 1 Tony Wilson Place, Manchester, M15 4FN

**28. Post balance sheet events**

Vanarama USA Inc, a subsidiary undertaking of the Company, was dissolved on 12 December 2023.