

Company registration number 03910203 (England and Wales)

CATHEDRAL MOTOR COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



CATHEDRAL MOTOR COMPANY LIMITED

COMPANY INFORMATION

Directors	D J Stenning N A Barrett A B Archer P Goodwin B J Archer A Wiseman S Stenning S Drew G Beardmore	(Appointed 19 January 2023)
Secretary	S Drew	
Company number	03910203	
Registered office	16 The Courtyard Buntsford Drive Bromsgrove Worcestershire B60 3DJ	
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT	
Bankers	Barclays Bank plc 15 Colmore Row Birmingham B3 2BH	

CATHEDRAL MOTOR COMPANY LIMITED

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CATHEDRAL MOTOR COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Business Review

Initially 2022 saw the nervous recovery from the coronavirus pandemic with national and localised restrictions remaining in place throughout January and February. As restrictions were lifted and a return to normality encouraged, the business faced a fresh set of challenges brought about by Russia's invasion of the Ukraine and the disruption this would inevitably bring to its supply chain, in particular the supply of new vehicles and parts.

The directors would like to thank each member of the team who have again demonstrated an incredible desire to succeed both individually and collectively and without whom the business would not have overcome many of the differing challenges it faced throughout the year.

Throughout 2022 the company continued to develop its online offering, launching its new, sector leading website in October. Through this, we not only continued to provide customers with the ability to review and reserve used vehicles, combined with a nationwide delivery service, but for the first-time book Service appointments through its interactive workshop diary.

Both of these areas are now seen as long-term pillars to its business model and remain areas of continued investment.

In November the company further extended its relationship with the Volkswagen Group when it was invited to take on the representation for CUPRA in the Stourbridge area. As a result, the Stourbridge facility was further developed becoming a tri franchise facility with SEAT and Peugeot. All indications are that this will prove to be a sound addition to the company's franchise portfolio and further strengthen its relationship with its existing manufacturing partners.

The company now operates sixteen franchises from nine locations representing Peugeot, Citroen, Nissan, Fiat, Abarth, Skoda, SEAT and CUPRA in addition to which it also has a centralised Fleet department which also provides an all-brands opportunity through its brokerage offering.

Relationships with existing manufacturing partners remain strong with new franchise opportunities also actively explored.

Principal risks and Uncertainties

The company remains reliant upon the supply of product from its manufacturing partners which includes the supply of new vehicles, replacement vehicle parts and the update of technology to service vehicles.

As a result, this exposes the company to a number areas of risk, namely:

- Availability and quality of new vehicles
- Fluctuations in international exchange rates
- The introduction of import tariffs
- Disruptions in its supply chain particularly in spare parts and updated service technology

Initially as a result of the pandemic and subsequently compounded by Russia's invasion of the Ukraine, 2022 saw a continued shortage of new vehicles available for sale and in the supply of spare parts. This was particularly relevant to electric vehicles.

Increases in inflation, interest rates and the consumer price index all provide uncertainty in consumer confidence and the influence this will have on consumers purchasing priorities during 2023.

CATHEDRAL MOTOR COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key Performance indicators

2022 saw turnover of £183.8m (2021: £166.2m) with profit on ordinary activities before taxation of £3.0m, a return on sales of 1.6%, (2021: 3.0%). Although lower than the extremes of 2022, given the challenges and supply restraints the business faced, this remains strong and provides a solid base on which to move into 2023.

New vehicle unit sales at 4,055, and used vehicles at 4,754 both saw reductions on 2021. Gross margins also came under pressure and which, with an increase in the cost base of the department saw a reduction in the profitability of the vehicle sales departments of 17.7%.

Service hours continued to increase, up 2.0% on 2021 with Parts turnover also continuing to increase up 9.7%.

Balance sheet control remains a key focus of the Directors, senior management teams and is embedded in the culture of the business. Detailed reports are produced weekly illustrating the profile of all vehicle and parts stocks as well as all debtors, both sales and aftersales.

These reports are reviewed locally and centrally and as a result, all managers throughout the business are aware of the ageing profile of all stock and debt which then allows for controlled and timely decisions to be taken regarding their management.

Further reports illustrating the profile of all outstanding bonus debtors, service plan balances as well as outstanding work in progress are also prepared and distributed weekly. This again allows for timely control in the decision making process.

Daily and weekly reports illustrating the revenue generated by the business are also prepared and distributed both centrally and throughout the various management teams.

This information then allows for the accurate forecasting as to the profitability of the businesses and in its objective of meeting those targets and objectives set by its manufacturing partners.

There are a number of consistencies in the size, structure and market representation of the individual dealerships the business operates which as a consequence allows it to draw relevant comparisons in departmental and business performance through a number of key performance indicators. Some of these are recognised throughout the sector, others more individual to the internal management of the business.

These comparatives are regularly produced and reviewed to ensure they meet the current objectives of the business as well as being embedded in the monthly management accounts the business produces.

All of this internal financial management, in conjunction with the information provided externally by its various partners ensures that key strategic operational decisions are taken considering all relevant facts. It also helps in identifying and sharing best practice throughout the group, something actively encouraged.

In tandem with its financial controls and reporting the company also reviews its performance with regard to customer satisfaction and in its objective to providing an experience for both new and existing customers that exceeds their expectations regardless of the nature of their transaction with the business.

In applying these internal controls and measures the company is confident that it will continue to meet the objectives of its manufacturing partners as well as attain its own goals both of which are regarded key in its ongoing success and growth.

The company is confident that as it seeks further growth these pillars of control will remain in place.

CATHEDRAL MOTOR COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future Developments

Whilst the invasion of the Ukraine and the disruption this brings to the supply chain of a number of our partners provides a challenge, with the company operating a spread portfolio of franchises the impact of this disruption it is hoped will be minimised.

With the supply of new vehicles gradually recovering this will undoubtedly have an impact on used vehicle values and resulting margins however our future new vehicle order bank remains high and as a result should mitigate this risk.

Our website activity remains strong and is an area of ongoing focus and development for the company as we look to improve our online booking facility both for our aftersales customers and our click and collect offering for those customers looking to purchase a vehicle. We are also looking to develop the facility for our customers to be able to review, specify and order a new vehicle through our portal and links with our OEM partners.

Continued investment in the electric/hybrid vehicle network continues with each individual dealership establishing a facility from which it can sell and service these vehicles in increasing numbers.

2023 has seen several increases in interest rate and in the rate of inflation, the company is mindful of this and the impact it is undoubtedly having on consumers spending activity. Thus far the impact has been minimal however we continue to monitor the situation.

Section 172(1) statement

The Board of Directors consider, both individually and collectively that they have acted in good faith which in turn has promoted 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 year ended 31 December 2022.

Our plan is designed to have a long-term beneficial impact on the company and to contribute to its success in delivering a high quality of service across all operations.

Our team members are fundamental to the delivery of our plan with our aim being to operate with the strongest team available.

We continue to be responsible in our approach to pay and benefits with the health, safety and wellbeing of our team members one of our primary considerations in our decision making process.

Engagement with our suppliers and customers is also seen as key to our success. We meet with our manufacturing partners regularly throughout the year and have policies in place and will take the appropriate actions to ensure we prevent involvement in modern slavery, corruption, bribery and breaches of competition law.

Our plan takes into account the impact of the company's operations on the community, the environment and our wider social responsibilities and in particular how we comply with environmental legislation and introduce waste saving initiatives.

The Board behaves responsibly and in turn ensures that the management operate the business in a responsible manner, with high standards of business conduct and good governance which will contribute to the delivery of our plan. The intention is to build and nurture our reputation through the delivery of the plan which reflects our beliefs and culture.

CATHEDRAL MOTOR COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Engagement with Work Colleagues, Suppliers, Customers and Others

The company continues to place great faith in the ability of our team. We have a policy to consult, coach and discuss with colleagues in order to develop their skills, to enhance their own abilities enabling them to add to their contribution to the group during their employment.

An internal intranet is used to communicate with and to act as a point of reference for all members of our team both in terms of our policies and in sharing best practice.

We will continue to strengthen our relationships with suppliers, our manufacturing partners and customers alike. By continuing to provide high quality of service our aim is to forge and retain a recognised and trusted position in the local communities within which we operate. To exceed our customers' expectations at every opportunity.

Environmental Policy

The company recognises it has an obligation towards the environment and seeks to reduce the amount of energy and water consumed by its business activities. Use is made of modern building materials in new projects and certain lighting and heating replacements have been made to reflect modern energy efficient technology.

We will also look to further reduce our carbon footprint as 2023 will see us commission our first solar panel installation. Proposed to be installed at our dual franchise facility in Bromsgrove it is hoped that we will be able to generate 70% of our electric requirement through this renewable source.

On behalf of the board

Steve Drew

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S Drew

Director

Date: 27/09/2023
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CATHEDRAL MOTOR COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activities of the company are the sales of new and used motor vehicles, the servicing of motor vehicles and the sales of motor vehicle parts.

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £756,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D J Stenning

N A Barrett

A B Archer

P Goodwin

B J Archer

N J Timmins

(Resigned 4 August 2023)

A Wiseman

S Stenning

S Drew

G Beardmore

(Appointed 19 January 2023)

Financial instruments

Treasury operations and financial instruments

The company finances its operations through a mixture of retained profits, bank borrowings and trade credit from both suppliers and the manufacturer's finance company. Movements in the interest rate on the company's facilities can impact profitability. In addition, a withdrawal of financing facilities or failure to renew them as they expire could lead to a reduction in the trading ability of the company. The utilisation of facilities is closely monitored.

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from its trading activities which are only conducted in sterling. The company does not enter into any hedging transactions.

Liquidity risk & Interest rate risk

The company actively manages interest rates payable on the borrowing the company holds and will always pay off borrowings to minimise this risk. Borrowing levels are monitored daily. The company is selective in the level of demonstrator funding utilised to minimise the amount of interest paid.

Credit risk

The company has policies in place to check the level of credit that should be offered to potential customers. However due to the nature of the business the higher value transactions relate to vehicle sales and the only credit offered would be to fleet businesses.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

CATHEDRAL MOTOR COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Employee involvement

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given 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.

Business relationships

The directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, this is noted above in the company's statement on Section 172(1).

Auditor

The auditor, UHY Hacker Young Manchester LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 January 2022 to 31 December 2022, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the government's Streamlined Energy and Carbon Reporting (SECR) policy.

Our methodology to calculate our greenhouse gas emissions is based on the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)' issued by DEFRA, using DEFRA's 2022 conversion factors as appropriate. In some cases, consumption has been extrapolated from available data or direct comparison made to a comparable period.

We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

The table below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio. This year we were able to begin reporting on electricity consumption by electric vehicles due to an improvement in data availability. We were also able to eliminate some customer fuel from our overall fuel consumption, to more accurately reflect business usage.

	2022	2021
	kWh	kWh
Aggregate of energy consumption in the year	<u>3,353,827</u>	<u>3,852,171</u>

CATHEDRAL MOTOR COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	metric	metric
	tonnes	tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	284.30	302.00
- Fuel consumed for owned transport	125.60	223.00
	<u>409.90</u>	<u>525.00</u>
Scope 2 - indirect emissions		
- Electricity purchased	237.40	263.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	6.20	-
	<u>653.50</u>	<u>788.00</u>
Total gross emissions	<u><u>653.50</u></u>	<u><u>788.00</u></u>
<i>Intensity ratio</i>		
Tonnes CO2e per £million(revenue)	<u>3.555</u>	<u>4.743</u>

Quantification and reporting methodology

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £million (revenue).

Measures taken to improve energy efficiency

2022 saw us continue to develop our "Green Plan" with us continually looking for ways in which we could reduce our energy consumption and improve our carbon footprint.

Taking advantage of the latest video conferencing and cloud communications technology has seen us both introduce a hybrid working model allowing several members of our team to work from home and wherever possible conduct business meetings remotely.

Both measures have seen a reduction in our direct and indirect travel patterns and associated carbon emissions.

The increased availability of both new and used pure electric and hybrid vehicles continues to influence our customers' buying decisions.

We ensure we support this by increasing the availability of electric vehicle charges throughout our dealership network and in ensuring our technicians are fully trained in the latest electric vehicle technology, having the appropriate tooling available to them.

2023 has also seen us complete our first two solar panel installations. Our Bromsgrove Peugeot and Nissan dealership went live in June followed by our Head Office in July. With a combined cost of £130,000 this represents a significant investment in this area, one which we hope to replicate throughout our Group into 2024.

CATHEDRAL MOTOR COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Matters addressed in the strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Steve Drew

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S Drew

Director

Date: 27/09/2023

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CATHEDRAL MOTOR COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CATHEDRAL MOTOR COMPANY LIMITED

Opinion

We have audited the financial statements of Cathedral Motor Company Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year 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.

CATHEDRAL MOTOR COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CATHEDRAL MOTOR COMPANY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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, 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 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.

Auditor's 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 auditor's 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.

Extent to which the audit was considered capable of detecting irregularities including fraud

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.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance,
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of used vehicle stocks and recognition of supplier incentives. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks the company operates in, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

CATHEDRAL MOTOR COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CATHEDRAL MOTOR COMPANY LIMITED

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's FCA regulatory requirements.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and those charged with governance concerning actual and potential litigation claims;
- in addressing the risk of fraud through inappropriate valuation of used vehicle inventory, assessing net realisable value of stock items sold after the year end was above cost or assessing their value with reference to third party data sources if unsold;
- in addressing the risk of fraud through inappropriate recording of supplier incentives, ensuring amounts recorded as due were then subsequently acknowledged as such by the supplier;
- in assessing the risk of fraud through management override of controls, testing the appropriateness of journal entries and assessing whether judgements made in making accounting estimates are indicative of potential bias.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

Paul Daly

Paul Daly BEng FCA
Senior Statutory Auditor
For and on behalf of UHY Hacker Young Manchester LLP

Date: 27/09/2023

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

CATHEDRAL MOTOR COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	183,831,506	166,248,994
Cost of sales		(163,785,355)	(145,958,350)
Gross profit		20,046,151	20,290,644
Administrative expenses		(16,896,935)	(15,734,269)
Other operating income		17,524	644,766
Operating profit	4	3,166,740	5,201,141
Interest payable and similar expenses	8	(140,103)	(184,334)
Profit before taxation		3,026,637	5,016,807
Tax on profit	9	(610,644)	(1,067,060)
Profit for the financial year		2,415,993	3,949,747

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CATHEDRAL MOTOR COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	11		1,144		2,336
Tangible assets	13		8,061,633		9,246,772
Investments	14		156,400		156,400
			<u>8,219,177</u>		<u>9,405,508</u>
Current assets					
Stocks	16	13,024,983		13,080,537	
Debtors	17	3,854,279		3,431,588	
Cash at bank and in hand		1,076		1,950	
		<u>16,880,338</u>		<u>16,514,075</u>	
Creditors: amounts falling due within one year	18	(15,123,990)		(15,029,969)	
Net current assets			<u>1,756,348</u>		<u>1,484,106</u>
Total assets less current liabilities			<u>9,975,525</u>		<u>10,889,614</u>
Creditors: amounts falling due after more than one year	19		(325,548)		(1,843,324)
Provisions for liabilities					
Deferred tax liability	21	224,075		183,586	
		<u>(224,075)</u>		<u>(183,586)</u>	
Net assets			<u><u>9,425,902</u></u>		<u><u>8,862,704</u></u>
Capital and reserves					
Called up share capital	23		93,400		100,000
Share premium account	24		121,795		121,795
Capital redemption reserve	25		72,100		65,500
Profit and loss reserves	26		9,138,607		8,575,409
Total equity			<u><u>9,425,902</u></u>		<u><u>8,862,704</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27/09/2023 and are signed on its behalf by:

Steve Drew

S Drew
Director

Company registration number 03910203 (England and Wales)

CATHEDRAL MOTOR COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2021		100,000	121,795	65,500	6,380,912	6,668,207
Year ended 31 December 2021:						
Profit and total comprehensive income		-	-	-	3,949,747	3,949,747
Dividends	10	-	-	-	(1,755,250)	(1,755,250)
Balance at 31 December 2021		100,000	121,795	65,500	8,575,409	8,862,704
Year ended 31 December 2022:						
Profit and total comprehensive income		-	-	-	2,415,993	2,415,993
Dividends	10	-	-	-	(756,000)	(756,000)
Redemption of shares	23	(6,600)	-	6,600	(1,096,795)	(1,096,795)
Balance at 31 December 2022		93,400	121,795	72,100	9,138,607	9,425,902

CATHEDRAL MOTOR COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	30	4,345,422		3,493,441	
Interest paid		(140,103)		(184,334)	
Income taxes paid		(553,329)		(887,240)	
Net cash inflow from operating activities		3,651,990		2,421,867	
Investing activities					
Purchase of tangible fixed assets		(481,695)	(3,547,919)		
Proceeds on disposal of tangible fixed assets		1,100,000	-		
Net cash generated from/(used in) investing activities		618,305		(3,547,919)	
Financing activities					
Redemption of shares		(1,096,795)	-		
Proceeds of new bank loans		-	1,200,000		
Repayment of bank loans		(1,517,776)	(428,900)		
Dividends paid		(1,153,000)	(1,102,250)		
Net cash used in financing activities		(3,767,571)		(331,150)	
Net increase/(decrease) in cash and cash equivalents		502,724		(1,457,202)	
Cash and cash equivalents at beginning of year		(591,064)		866,138	
Cash and cash equivalents at end of year		(88,340)		(591,064)	
Relating to:					
Cash at bank and in hand		1,076		1,950	
Bank overdrafts included in creditors payable within one year		(89,416)		(593,014)	

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Cathedral Motor Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is 16 The Courtyard, Buntsford Drive, Bromsgrove, Worcestershire, B60 3DJ.

The principal activities of the company are the sales of new and used motor vehicles, the servicing of motor vehicles and the sales of motor vehicle parts.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In the opinion of the directors, the company and its subsidiary undertakings comprise a large sized group. The subsidiary companies, Goodfellows Garage Limited and Cathedral Motors Bromsgrove LLP, are dormant. The company has taken advantage of the exemption provided by Section 405(2) of the Companies Act 2006 not to prepare group accounts on the grounds that that all subsidiaries are deemed immaterial.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings - freehold	Land Nil, buildings 15-50 years
Land and buildings - leasehold	Over the period of the lease
Plant and machinery	5 - 10 years
Fixtures, fittings & equipment	5 - 10 years
Computer equipment	3 - 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price and cost to sell, which is equivalent to the net realisable value. Cost includes materials and direct labour. Provisions are made for obsolete, slow moving or defective items where appropriate.

The company holds consignment stock which is regarded as being effectively under the control of the company and is included within stock on the balance sheet as the company has the significant risks and rewards of ownership even though the legal title has not yet passed. The corresponding liability is included in trade creditors.

Consignment stock is recognised in the accounts on the basis of whether the stock is interest bearing stock. Consignment stock that is within the interest free period is not recognised on the basis that the risks and rewards of ownership have not passed to the company.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The company operates a defined contribution scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Consignment stock

Consignment stock is recognised in the accounts on the basis of whether the stock is interest bearing.

Consignment stock that is within the interest free period is not recognised on the basis that the risks and rewards of ownership have not passed to the company. Non-interest bearing stock at the year end not recognised in the financial statements was £6,856,663 (2021: £4,715,009). Interest bearing stock of £479,258 (2021: £457,248) is included in vehicle stock.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Used vehicle valuations

Used vehicle stock is purchased from auctions, other trade sources and private individuals. Used vehicle stock is a depreciating stock item and devalues monthly, making the estimated stock value uncertain. However, senior management review values of stock on a regular basis against trade valuation publications and any possible overvaluations are corrected by reducing the stock value through the profit and loss accounts in the accounting period when the over-valuation is identified.

The carrying value of used vehicle stock at the end of the period was £9,529,660 (2021: £10,609,907).

Useful lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Sales of vehicles and parts	175,688,787	158,801,370
Rendering of services	5,004,397	4,527,941
Finance income	3,138,322	2,919,683
	<u>183,831,506</u>	<u>166,248,994</u>

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue	(Continued)	
	2022	2021
	£	£
Other revenue		
Grants received	-	578,204
	<u> </u>	<u> </u>

All of the company's turnover arose within the United Kingdom.

4 Operating profit	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(578,204)
Depreciation of owned tangible fixed assets	566,834	608,166
Impairment of owned tangible fixed assets	-	109,354
Amortisation of intangible assets	1,192	1,301
Operating lease charges	590,452	560,398
	<u> </u>	<u> </u>

5 Auditor's remuneration	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	34,650	31,500
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	4,500	4,500
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Administration and Selling	227	215
Technicians	66	56
	<u> </u>	<u> </u>
Total	293	271
	<u> </u>	<u> </u>

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	9,921,521	9,638,814
Social security costs	1,198,316	1,132,842
Pension costs	273,515	252,683
	<u>11,393,352</u>	<u>11,024,339</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	1,197,265	1,279,878
Company pension contributions to defined contribution schemes	68,667	49,879
	<u>1,265,932</u>	<u>1,329,757</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	280,533	305,040
Company pension contributions to defined contribution schemes	32,688	13,125
	<u>313,221</u>	<u>318,165</u>

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	26,463	17,490
Other interest on financial liabilities	53,297	58,244
	<u>79,760</u>	<u>75,734</u>
Other finance costs:		
Other interest	60,343	108,600
	<u>140,103</u>	<u>184,334</u>

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	570,155	1,030,121
Adjustments in respect of prior periods	-	83
Total current tax	<u>570,155</u>	<u>1,030,204</u>
Deferred tax		
Origination and reversal of timing differences	40,489	(9,480)
Changes in tax rates	-	46,336
Total deferred tax	<u>40,489</u>	<u>36,856</u>
Total tax charge	<u>610,644</u>	<u>1,067,060</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	<u>3,026,637</u>	<u>5,016,807</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	575,061	953,193
Tax effect of expenses that are not deductible in determining taxable profit	7,955	6,556
Tax effect of income not taxable in determining taxable profit	(129)	(129)
Adjustments in respect of prior years	-	83
Permanent capital allowances in excess of depreciation	18,502	23,673
Movement in deferred tax not recognised	-	39,622
Other amounts	(239)	-
Remeasurement for deferred tax for changes in tax rates	9,494	44,062
Taxation charge for the year	<u>610,644</u>	<u>1,067,060</u>

10 Dividends

	2022 £	2021 £
Final paid	<u>756,000</u>	<u>1,755,250</u>

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 January 2022 and 31 December 2022	911,454	121,715	1,033,169
Amortisation and impairment			
At 1 January 2022	911,454	119,379	1,030,833
Amortisation charged for the year	-	1,192	1,192
At 31 December 2022	911,454	120,571	1,032,025
Carrying amount			
At 31 December 2022	-	1,144	1,144
At 31 December 2021	-	2,336	2,336

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Freehold property	13	-	109,354
Recognised in:			
Administrative expenses		-	109,354

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

	Land and buildings - freehold	Land and buildings - leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	8,551,453	3,178,611	1,457,688	1,526,124	749,115	15,462,991
Additions	81,626	68,903	143,781	48,627	138,758	481,695
Disposals	(1,229,583)	(618,259)	(252,648)	(168,476)	(66,535)	(2,335,501)
At 31 December 2022	7,403,496	2,629,255	1,348,821	1,406,275	821,338	13,609,185
Depreciation and impairment						
At 1 January 2022	1,157,372	1,858,183	1,107,627	1,362,636	730,401	6,216,219
Depreciation charged in the year	170,819	167,771	147,942	66,087	14,215	566,834
Eliminated in respect of disposals	(129,583)	(618,259)	(252,648)	(168,476)	(66,535)	(1,235,501)
At 31 December 2022	1,198,608	1,407,695	1,002,921	1,260,247	678,081	5,547,552
Carrying amount						
At 31 December 2022	6,204,888	1,221,560	345,900	146,028	143,257	8,061,633
At 31 December 2021	7,394,081	1,320,428	350,061	163,488	18,714	9,246,772

14 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	15	156,400	156,400

15 Subsidiaries

Details of the company's non-trading subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Cathedral Motors Bromsgrove LLP	*	N/a	88.00
Goodfellows Garage Limited	*	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

* 16 The Courtyard, Buntsford Drive, Bromsgrove, Worcestershire, B60 3DJ

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Stocks

	2022 £	2021 £
Parts stock	527,530	372,646
Vehicle stock	12,497,453	12,707,891
	<u>13,024,983</u>	<u>13,080,537</u>

An impairment adjustment of £92,288 was released (2021: £66,311 recognised) during the year against stock.

The company holds consignment stock at its premises of which legal title does not pass to the company until the earlier of the company holding the vehicle for a specified period, adopting the vehicle by using it as a demonstrator vehicle, or selling the vehicle to a third party.

Consignment stock of £479,258 (2021: £457,248) is included in vehicle stock. The corresponding liability is included in trade creditors.

17 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	1,646,554	1,660,399
Other debtors	1,653,884	1,344,219
Prepayments and accrued income	553,841	426,970
	<u>3,854,279</u>	<u>3,431,588</u>

18 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	20	607,192	1,110,790
Trade creditors		9,774,585	9,421,923
Amounts owed to group undertakings		156,400	156,400
Corporation tax		551,007	534,181
Other taxation and social security		298,291	602,603
Dividends payable		256,000	653,000
Other creditors		2,092,852	1,237,067
Accruals and deferred income		1,387,663	1,314,005
		<u>15,123,990</u>	<u>15,029,969</u>

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	20	325,548	1,843,324

20 Loans and overdrafts

	2022 £	2021 £
Bank loans	843,324	2,361,100
Bank overdrafts	89,416	593,014
	<u>932,740</u>	<u>2,954,114</u>
Payable within one year	607,192	1,110,790
Payable after one year	<u>325,548</u>	<u>1,843,324</u>

Included in bank loans is a mortgage of £200,000 (2021: £550,000) which is secured over the company's properties, repayable quarterly in average instalments of £25,000 (2021: £25,000). An additional repayment of £250,000 was made in the year. Interest is charged at a rate of 2.75%.

Included within bank loans is a mortgage of £460,000 (2021: £700,000) which is secured over the company's properties, repayable quarterly in average instalments of £60,000 (2021: £60,000). Interest is charged at a rate of 2.25%.

Included within bank loans is a mortgage of £183,324 (2021: £1,111,100), which is secured over the company's properties, repayable quarterly in average instalments of £44,444 (2021: £44,444). Additional repayments of £750,000 were made in the year. Interest is charged at a rate of 2.25%.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
ACAs	236,928	195,047
Short timing differences	(12,853)	(11,461)
	<u>224,075</u>	<u>183,586</u>

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Deferred taxation (Continued)

	2022
	£
Movements in the year:	
Liability at 1 January 2022	183,586
Charge to profit or loss	40,489
Liability at 31 December 2022	<u>224,075</u>

22 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>273,515</u>	<u>252,683</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>93,400</u>	<u>100,000</u>	<u>93,400</u>	<u>100,000</u>

During the year the company repurchased 6,600 shares.

Share capital represents the nominal value of shares that have been issued. The company has one class of share which does not carry the right to a fixed dividend.

24 Share premium account

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

25 Capital redemption reserve

This is a non-distributable reserve held for the purposes of fulfilling redemption of issued capital.

26 Profit and loss reserves

Profit and loss reserves include all current and prior period profits and losses net of dividends paid.

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	882,070	784,130
Between two and five years	2,219,916	1,868,235
In over five years	5,525,573	5,821,460
	<u>8,627,559</u>	<u>8,473,825</u>

28 Directors' transactions

During the year the company paid rent of £189,226 (2021: £180,350) to a pension scheme in which the directors were interested.

During the year the company sold a property at NBV for £1,100,000 to a pension scheme in which the directors were interested.

During the year the directors purchased vehicles of £346,434 (2021: £744,351) and sold vehicles of £172,117 (2021: £751,584) via the company ECOS scheme.

At the year end £254,544 (2021: £279,766) was outstanding in respect to these vehicles.

29 Ultimate controlling party

The directors consider that, due to the split in shareholding of the company, no one party retains an ultimate controlling interest.

30 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	2,415,993	3,949,747
Adjustments for:		
Taxation charged	610,644	1,067,060
Finance costs	140,103	184,334
Amortisation and impairment of intangible assets	1,192	1,301
Depreciation and impairment of tangible fixed assets	566,834	717,520
Movements in working capital:		
Decrease/(increase) in stocks	55,554	(1,231,616)
Increase in debtors	(422,691)	(562,282)
Increase/(decrease) in creditors	977,793	(632,623)
Cash generated from operations	<u>4,345,422</u>	<u>3,493,441</u>

CATHEDRAL MOTOR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

31 Analysis of changes in net debt

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	1,950	(874)	1,076
Bank overdrafts	(593,014)	503,598	(89,416)
	<u>(591,064)</u>	<u>502,724</u>	<u>(88,340)</u>
Borrowings excluding overdrafts	(2,361,100)	1,517,776	(843,324)
	<u>(2,952,164)</u>	<u>2,020,500</u>	<u>(931,664)</u>