Company registration number 04007232 (England and Wales)

D J COX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

D J COX LIMITED

COMPANY INFORMATION

Directors	Mr D Cox Mrs H Hayton
Secretary	Mrs H Hayton
Company number	04007232
Registered office	Northgate White Lund Industrial Estate Morecambe Lancashire United Kingdom LA3 3PA
Auditor	Azets Audit Services Fleet House New Road Lancaster United Kingdom LA1 1EZ

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Fair review of the business
2022 was a more normal year after the turbulence of the previous one for the companies. However during the year the group produced a very pleasing set of financial results on the back of sound business strategy.

Online sales saw continued and sustained growth was seen in all channels, hard work over previous years is continuing to pay off and the divergence into all our manufacturer partner OEM products as well as non franchise related items. More resource was put to online sales in human terms with new roles created and in physical terms with the building of a 12,000 square foot storage facility which will be available early in 2023. This is obviously a significant investment and one that the directors are especially keen on.

Like many similar businesses it became obvious that new car sales would suffer during the year and so the performance of the Honda and SEAT new car sales did drop considerably, however a focus on profit per unit and the quality of sale certainly mitigated the reduction in volume. It should be noted that all our new car franchise partners in business provided excellent support in exceptionally difficult circumstances. Also the previous work done on migrating so many of our customers to PCP finance products proved once again valuable as the group and customers alike benefited from this excellent way of owning a car.

Aftersales parts of the business found a very healthy flow of work throughout the year, no doubt still playing a little catch up from lock down and a very buoyant used car operation which was always hungry for internal hours. Challenges faced in the year for the service departments included a lack of availability of trained technicians although the groups history and standing in the local communities means that this shortage is likely to be short lived. The parts departments followed the service departments closely and again proved solid results. The Smart repair and alloy wheel fix departments performed especially well and prompted the directors to invest even further in a powder coating facility to offer this service to mostly retail customers and it is expected to perform extremely well. Additionally the directors decided to switch focus in the Blackpool bodyshop and as of Q1 2023 the facility will be 100% smart repair having severed the ties with insurance company work providers. This is expected to achieve strong positive financial results.

Used car sales provided further good turnover and profit. All the sites have the physical space and skill set ability to retail both own brand and non franchise used cars and again performed very successfully in this regard. Whilst it is fully expected for new car sales to return to nearer normal levels in 2023 it will be used cars that provide the solid base for sales gross profit.

All in all a very pleasing set of results.

Financial key performance indicators
Key performance indicators were:

Turnover decreased from £81,672,531 to £74,514,578.

Gross profit decreased from £9,552,065 to £7,796,026.

Net profit before tax decreased from £2,757,803 to £857,724.

s172 Statement

The Directors of the Company must act in accordance with a set of personal duties. These duties are detailed in s172 of the UK Companies Act 2006 summarised as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

Any decisions that are made by the directors take into account short, medium and long term ramifications. It is always the intentions of the directors to take into account the interests of the company's employees and they are always at the forefront of our decision making. Employees are treated with respect and humility and their training needs and personal development are considered constantly. Relationships with suppliers both existing and future are constantly nurtured and developed as shown by the previous trading history and customers satisfaction is monitored and taken extremely seriously always. The company operates as a business that society wishes to exist and considers its environmental impact. The company wishes to maintain a reputation for high standards of business conduct, and recognises the need to act fairly between members of the company.

On behalf of the board

HHayton

Mrs H Hayton
Director

Date: 31/7/2023

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

Principal activities

The principal activity of the company during the year was that of a motor trader across dealerships in Lancashire, Cumbria, Merseyside and Greater Manchester.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £125,533. 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:

Mr D Cox
Mrs H Hayton

Financial instruments

Risk management

Details of the company's financial risk management objectives and policies are included in note 29 to the financial statements.

Future developments

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.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

D J COX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

H Hayton
....
Mrs H Hayton
Director

Date: 31/7/2023

D J COX LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF D J COX LIMITED

Opinion
We have audited the financial statements of D J Cox 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 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.

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.

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.

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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Azets Audit Services

Susanna Cassey (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 4 August '23

Chartered Accountants
Statutory Auditor

Fleet House
New Road
Lancaster
United Kingdom
LA1 1EZ

D J COX LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	74,514,578	81,672,531
Cost of sales		(66,718,552)	(72,120,466)
Gross profit		7,796,026	9,552,065
Administrative expenses		(7,306,246)	(7,486,112)
Other operating income		465,282	742,150
Operating profit	4	955,062	2,808,103
Interest receivable and similar income	8	868	-
Interest payable and similar expenses	9	(88,206)	(50,300)
Profit before taxation		867,724	2,757,803
Tax on profit	10	(183,185)	(652,020)
Profit for the financial year		684,539	2,105,783

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

D J COX LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	13		10,797,111		10,729,064
Current assets					
Stocks	14	10,099,435		9,302,871	
Debtors	15	10,824,334		9,260,406	
Cash at bank and in hand		539,466		1,298,187	
		21,463,235		19,861,464	
Creditors: amounts falling due within one year	16	(15,773,773)		(16,841,932)	
Net current assets			5,689,462		3,019,532
Total assets less current liabilities			16,486,573		13,748,596
Creditors: amounts falling due after more than one year	17		(2,791,667)		(624,997)
Provisions for liabilities					
Deferred tax liability	19	612,717		600,416	
			(612,717)		(600,416)
Net assets			13,082,189		12,523,183
Capital and reserves					
Called up share capital	21		84,506		84,506
Share premium account			35,457		35,457
Other reserves	22		1		1
Profit and loss reserves			12,962,225		12,403,219
Total equity			13,082,189		12,523,183

The financial statements were approved by the board of directors and authorised for issue on 31/7/2023 and are signed on its behalf by:

AHHayton

Mrs H Hayton
Director

Company Registration No. 04007232

D J COX LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 January 2021		84,506	35,457	1	11,641,326	11,761,290
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	2,105,783	2,105,783
Dividends	11	-	-	-	(1,343,890)	(1,343,890)
Balance at 31 December 2021		84,506	35,457	1	12,403,219	12,523,183
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	-	684,539	684,539
Dividends	11	-	-	-	(125,533)	(125,533)
Balance at 31 December 2022		84,506	35,457	1	12,962,225	13,082,189

1 Accounting policies

Company information

D J Cox Limited ('the company') is a motor trader who sells new and used vehicles from dealerships across Lancashire, Cumbria, Merseyside and Greater Manchester.

The company is a private company, limited by shares, incorporated and domiciled in England and Wales. The address of the registered office is Northgate, White Lund Industrial Estate, Morecambe, Lancashire, LA3 3PA.

The principal trading addresses of the company are:
Lancaster Honda, Northgate, White Lund Industrial Estate, Morecambe, Lancashire, LA3 3PA;
Blackpool Honda, Lytham St Annes Way, Blackpool, Lancashire FY4 5PQ;
Kendal Honda, Kendal Motor Village, Queen Katherine's Avenue, Kendal, Cumbria LA9 6DU; and
Southport Honda, 53-55 Southport Road, Scarisbrick, Southport, Merseyside PR8 5JF.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Cox Motor Group Limited. These consolidated financial statements are available from its registered office, Northgate, White Lund Industrial Estate, Morecambe, Lancashire, LA3 3PA.

1.2 Going concern

The directors confirm that, having reviewed the Company's budget and forecasts in addition to consideration of the facilities available, they consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

1 Accounting policies **(Continued)**

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 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.

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 it is probable will be recovered.

Other income consists of government grants, commissions receivable and rent receivable.

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 15% straight line basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 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:

Freehold land and buildings	Not depreciated
Plant and equipment	15% straight line
Fixtures and fittings	15% straight line
Computer equipment	20% straight line
Motor vehicles	15% straight line

The Companies Act requires the annual depreciation of fixed assets. The directors believe that the policy of providing depreciation on freehold property is not necessary in order for the financial statements to show a true and fair view. The buildings are maintained in good condition so that their value is not significantly impaired by the passage of time and consequently any element of depreciation would be material.

1 Accounting policies **(Continued)**

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.

1.6 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, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 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.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' 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.

1 Accounting policies **(Continued)**

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.

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 Accounting policies **(Continued)**

1.10 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.

1.11 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.

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.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1 Accounting policies **(Continued)**

1.15 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.

1.16 Finance costs

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

2 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.

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.

Valuation of stock

The company is engaged in the trade of used vehicles. As such it is necessary to consider the recoverability of the cost associated with the stock holdings and if a provision is required. When considering if a provision is required the specific details of the vehicle are used to assess the level of provision required. Any provision is charged to the profit and loss account in the year in which it is made. Used vehicle stocks as the year end have a value of £7,378,953 (2021: £7,606,546).

Useful economic lives of tangible fixed assets

The useful life and depreciation rate of tangible fixed assets is reviewed annually and amended when necessary. Tangible assets as the year end have a value of £10,797,111 (2021: £10,729,064).

3 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by class of business		
Car sales	63,570,818	70,002,944
Parts sales	5,904,423	6,349,080
Servicing	3,170,490	3,625,266
Bodyshop and other	1,868,847	1,695,241
	74,514,578	81,672,531

	2022	2021
	£	£
Other revenue		
Interest income	868	-
Commissions received	337,148	440,525
Grants received	-	180,005
Rents receivable	128,134	121,620

All turnover arose within the United Kingdom.

4 Operating profit

	2022	2021
Operating profit for the year is stated after charging/(crediting):	£	£
Government grants	-	(180,005)
Depreciation of owned tangible fixed assets	149,929	183,213
Profit on disposal of tangible fixed assets	-	(264,481)
Operating lease charges	138,117	369,209

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	25,650	24,000
For other services		
Taxation compliance services	2,560	2,560
All other non-audit services	15,025	15,000
	17,585	17,560

6 Employees

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

	2022 Number	2021 Number
Administrative staff	29	36
Management staff	2	2
Parts and workshop staff	122	132
Sales staff	44	46
Total	197	216

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	5,403,716	5,543,992
Social security costs	524,875	531,250
Pension costs	196,135	195,774
	6,124,726	6,271,016

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	115,201	78,699
Company pension contributions to defined contribution schemes	64,430	53,921
	179,631	132,620

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	868	-

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	83,500	50,300
Other interest	4,706	-
	88,206	50,300

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	170,884	508,537
Adjustments in respect of prior periods	-	(9,359)
Total current tax	170,884	499,178
Deferred tax		
Origination and reversal of timing differences	12,301	152,842
Total tax charge	183,185	652,020

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	867,724	2,757,803
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	164,868	523,983
Tax effect of expenses that are not deductible in determining taxable profit	13,778	(4,958)
Tax effect of income not taxable in determining taxable profit	-	33,322
Effect of change in corporation tax rate	2,952	141,338
Permanent capital allowances in excess of depreciation	-	14,917
Depreciation on assets not qualifying for tax allowances	5,802	5,594
Other non-reversing timing differences	-	(2,561)
Other permanent differences	-	(50,253)
Under/(over) provided in prior years	-	(9,359)
Deferred tax adjustments in respect of prior years	-	(3)
Effect of superdeduction	(4,215)	-
Taxation charge for the year	183,185	652,020

11 Dividends

	2022	2021
	£	£
Final paid	125,533	1,343,890

12 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2022 and 31 December 2022	525,002
Amortisation and impairment	
At 1 January 2022 and 31 December 2022	525,002
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

13 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	10,254,270	1,013,254	1,259,213	573,600	6,500	13,106,837
Additions	118,945	61,355	19,322	18,354	-	217,976
At 31 December 2022	10,373,215	1,074,609	1,278,535	591,954	6,500	13,324,813
Depreciation and impairment						
At 1 January 2022	-	792,589	1,041,001	541,198	2,985	2,377,773
Depreciation charged in the year	-	68,236	77,170	3,548	975	149,929
At 31 December 2022	-	860,825	1,118,171	544,746	3,960	2,527,702
Carrying amount						
At 31 December 2022	10,373,215	213,784	160,364	47,208	2,540	10,797,111
At 31 December 2021	10,254,270	220,665	218,212	32,402	3,515	10,729,064

Freehold land and buildings with a carrying amount of £10,373,215 (2021 - £10,254,270) have been pledged to secure borrowings of the company.

14 Stocks

	2022	2021
	£	£
Consignment vehicles	1,678,865	837,678
Used vehicles	7,378,953	7,606,546
Parts and accessories	992,459	846,569
New vehicles	49,158	12,078
	10,099,435	9,302,871

Consignment and used vehicle stock totalling £6,940,011 (2021 - £6,897,062) is held as security against vehicle stocking loans shown in other creditors.

15 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	1,144,996	727,381
Other debtors	8,783,483	7,972,962
Prepayments and accrued income	895,855	560,063
	10,824,334	9,260,406

16 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	18	2,124,354	2,676,147
Trade creditors		1,685,412	1,949,577
Corporation tax		274,308	694,897
Other taxation and social security		188,510	513,843
Other creditors		11,250,727	10,520,346
Accruals and deferred income		250,462	487,122
		15,773,773	16,841,932

17 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	18	2,791,667	624,997

18 Loans and overdrafts

	2022	2021
	£	£
Bank loans	3,621,963	3,228,209
Bank overdrafts	1,294,058	72,935
	4,916,021	3,301,144
Payable within one year	2,124,354	2,676,147
Payable after one year	2,791,667	624,997

Bank loans and overdrafts included within creditors due within one year, and bank loans due after more than one year are secured by First Legal Charges over freehold land and property at Whitehills Park, Blackpool; Southport Road, Southport; Mellishaw Lane, Morecambe and Kendal Motor Village, Kendal.

Bank loans totalling £996,962 are repayable in quarterly instalments over 4 years to January 2026. Bank loans totalling £2,000,000 are repayable on 8 September 2025. Bank loans totalling £625,000 are repayable in quarterly instalments of £125,000.

Interest on bank loans totalling £996,962 is chargeable at the Bank of England rate plus 1.5%. Interest on bank loans totalling £2,000,000 is chargeable at SONIA plus 1.5%. Interest on bank loans totalling £625,000 is chargeable at the Bank of England base rate plus 2.4%.

19 Deferred taxation

	Liabilities 2022	Liabilities 2021
Balances:	£	£
Accelerated capital allowances	613,505	614,058
Short term timing differences	(788)	(13,642)
	612,717	600,416

	2022
Movements in the year:	£
Liability at 1 January 2022	600,416
Charge to profit or loss	12,301
Liability at 31 December 2022	612,717

20 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	196,274	60,696

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.

At the balance sheet date the company owed £5,112 (2021 - £8,232) to the pension scheme.

21 Share capital

Ordinary share capital	2022 Number	2021 Number	2022 £	2021 £
Issued and fully paid				
Ordinary A shares of £1 each	75,000	75,000	75,000	75,000
Ordinary B shares of £1 each	9,506	9,506	9,506	9,506
	84,506	84,506	84,506	84,506

All shares rank pari passu in respect of voting rights, distribution of dividends and in the event of winding up.

22 Other reserves

Other reserve represents a share repurchased from Honda Motor Europe Limited on 10 April 2007. The share was cancelled following repurchase.

Profit & loss account

Profit and loss account represents accumulated comprehensive income for the year and prior periods net of equity dividends paid.

23 Financial commitments, guarantees and contingent liabilities

The company has entered an unlimited cross company guarantee to meet the liabilities of Aston Cox Properties Limited, CMG Lancaster Limited, Cox Motor Group Limited and North West Motorcycles Limited owed to Volkswagen Bank Gmbh. As at the balance sheet date the maximum potential liability under this arrangement amounted to £1,738, 617(2021- £1,773,104).

24 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	118,529	127,172
Between two and five years	201,307	257,827
	319,836	384,999

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022 £	2021 £
Acquisition of tangible fixed assets	39,712	-

26 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Other related parties	2,732,834	2,929,939	292,273	622,311

	Expenses recharged 2022 £	 2021 £
Other related parties	254,522	336,743

During the year the company paid rent amounting to £21,841 (2021 - £22,699) to the pension scheme set up for the benefit of Mr D J Cox, a director. As at the year end amounts owed to the pension scheme totalled £nil (2021 - £50,000).

During the year the company paid rent amounting to £64,000 (2021: £64,000) to companies under common control.

The company has taken advantage of the exemption contained in Section 33 of Financial reporting Standard 102 'Related Party Disclosures' from disclosing transactions entered into between two or more members of a group, where the entity is wholly owned and included within the consolidated financial statements which are publicly available.

26 Related party transactions **(Continued)**

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	**2022 £**	**2021 £**
Other related parties	2,804,901	2,897,138

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	**2022 £**	**2021 £**
Other related parties	8,600,635	7,780,635

27 Directors' transactions

Description	**% Rate**	**Opening balance £**	**Amounts repaid £**	**Closing balance £**
Amounts due to/(owed by) directors	-	285,194	(175,000)	110,194
		285,194	(175,000)	110,194

28 Ultimate controlling party

In the current and previous year the immediate and ultimate parent company is Cox Motor Group Limited, a company incorporated in England and Wales.

In the current and previous year the ultimate controlling party is Mr D J Cox by virtue of his majority shareholding in Cox Motor Group Limited.

29 Financial risk management objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance its operations;
(b) to manage its exposure to interest risks arising from its operations and from its sources of finance; and
(c) for trading purposes.

In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the company's operations. Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans. The company has entered into both fixed and variable interest rate agreements on its loans so as to minimise its exposure to changes in interest rates.

Credit risk

Investments of cash surpluses and borrowings are made through banks which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.