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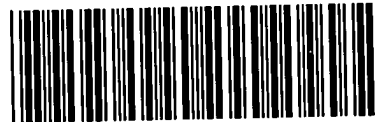
Registered number: SC065454

CLARK COMMERCIALS (ABERDEEN) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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COMPANIES HOUSE

CLARK COMMERCIALS (ABERDEEN) LIMITED

CORPORATE INFORMATION

Directors	J H S Clark C J Clark G A McQuillan (Appointed 31 March 2022)
Company secretary	A McIntosh
Registration number	SC065454
Registered office	Alliance Centre Greenwell Road East Tullos Industrial Estate Aberdeen AB12 3AX United Kingdom
Auditor	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY
Bank	Bank of Scotland 3-5 Albyn Place Aberdeen AB10 1YN

CLARK COMMERCIALS (ABERDEEN) LIMITED

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CLARK COMMERCIALS (ABERDEEN) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Overview of performance

The Company continued to operate the Volkswagen Commercial, Nissan, Renault, Dacia and Alpine franchises in Aberdeen. Our Nissan operations in Aberdeen were transferred and consolidated at our existing Renault, Dacia & Alpine complex, thereby increasing operational efficiencies whilst also reducing our overall property occupation overheads.

As the impact of the Covid 19 pandemic eased, the Company saw the benefits of a continued focus on operational efficiencies and agility to counter and optimise performance in an ever changing market. We again offered effective multi-channel communication to our customers and colleagues, which allowed us to listen, learn and act. The result being that most months of 2022 saw strong trading positives and the continuation of a robust positive cash at bank position throughout the year. It also allowed us to, as a key priority, provide extended support for our colleagues during what became a financially challenging year for many of them. We did this through a mix of targeted wage reviews plus additional temporary cost of living support measures, which were all well received and helped us to improve our colleague retention levels.

Our ongoing investment in apprentice, cadet and colleague development programmes again saw praise, being recognised as the winner of another award from a leading industry specialist publication.

Whilst new vehicle product supply again saw some challenges and delays, the growth and strength in used vehicle prices of 2021 stabilised in early 2022 before returning to better recognised trends across the balance of the year. Overall our vehicle sales margins remained strong and our aftersales results were again robust, leading to growth in overall gross profit. Fuel costs plus Heat, Light & Power utility charges saw unprecedented rises, albeit we initially retained some benefits via fixed price utility supply contracts that were in place until October 2022, but with then notable added costs start to come through in the final quarter. Stocking interest costs rose as the bank base rate increased.

Turnover was £66.6m (2021 - £67.8m). The profit before tax was £1.1m (2021 - £1.1m). Each of the commercial vehicles business and both car sales dealerships again delivered a profit before tax.

The Company maintained a positive net current assets working capital position. This includes a positive bank account balance of approaching £2.0m as at 31 December 2022. (2021 - £2.7m).

The Company measures performance against monthly objectives within annual budgets, as well as monthly comparisons against manufacturer dealer composite information and certain franchised motor trade specific Key Performance Indicators (KPIs) in each operating department of the dealership. These industry wide KPIs measure a variety of issues including gross operating margins and operating costs versus gross profits ratios plus vehicle sales and aftersales process efficiencies.

Post year-end events

Having again carried forward a higher than historic volume of new vehicle sales customer orders, the company continues to operate as in 2022 and to again generate positive trading results in 2023.

CLARK COMMERCIALS (ABERDEEN) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Future prospects

The Directors recognise the UK wide background of ongoing post Covid 19 pandemic driven changes in the active workforce within our society, which when combined with transitory but ongoing inflation is making the recruitment and retention of staff more challenging, with increased remuneration costs. The Directors have sought to pro-actively consider, communicate with and listen to our colleagues to then offer a range of suitably tailored support measures to help to address cost of living pressures.

Challenges due to variations in consumer confidence as well as supplier production capacity which results to some restriction in new vehicle and aftersales parts product availability continue. The extended conflict in Ukraine and the resultant economic sanctions upon Russia have also driven a range of unexpected new vehicle production and parts supply restrictions. Areas of supply versus demand imbalance are leading to transitory but ongoing inflation in purchase costs, utility charges, fuel and selling prices being seen in sectors of the motor trade and across the wider economy. The Directors continue to closely monitor and consider these issues and to promptly realign our business objectives, processes and controls accordingly.

The added political uncertainty in Scotland of the prospect of a second independence referendum has been suggested as a matter that could again temporarily restrict consumer confidence.

The marketplace remains fluid and reactive. However, the Directors believe that continued investment in our customer database and digital media marketing activities, together with ongoing commitment to the training and development of our people will result in further growth and improved returns.

The inherent motor trade risks of manufacturer franchise led changes to their dealer network's operating margins are also recognised and closely monitored. These include industry wide review of potential moves away from franchise agreements to a variety of Agency relationship business models. The Directors are considering proactive changes to our own business model and remain confident of being able to continue to trade profitably.

Finance and interest risk

The risks of inadequate or excess operational resources and the availability of appropriate working capital are recognised and closely monitored by the Group, divisional and dealership management and finance teams, all of whom are tasked with ensuring appropriate balance within the business.

To best ensure financial liquidity, the Group of which the Company is a part maintains a mixture of long-term and short-term debt finance that is designed to ensure that the Company has sufficient funds available for its operations. Daily, weekly and monthly key information reports are collated and reviewed. Regular financial updates are provided to our banking and finance house funding partners, all of which continue to support the Group.

CLARK COMMERCIALS (ABERDEEN) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Finance and interest risk (continued)

The risk on interest rate rises on our borrowings is also noted and monitored. Ongoing actions have been taken across the Group to better deploy excess cash by reducing the utilisation of some of our used vehicle stock funding facilities.

The Group of which the Company is a part has both interest bearing assets and liabilities. The interest-bearing assets only include cash balances. The Group does not hold bank loan interest swap hedging instruments. The Directors believe this to be appropriate for the foreseeable needs of the business.

Corporate Governance, S172 of the Companies Act 2006, Opportunity and Risk

The Company is governed by its corporate officers, who are also members of the Operations Board of the immediate parent company, John Clark (Holdings) Limited. The consolidated financial statements reflect due disclosure on Corporate Governance and Companies Act S172, plus Opportunity and Risk.

The corporate officers of the Company have considered these disclosures and confirmed them as accurate as regards their own approach, views and actions on these matters.

Streamlined Energy and Carbon Reporting (SECR)

The Company has taken advantage of the exemption from making individual reports in subsidiary financial statements by reviewing the SECR regulations at group level and as such further disclosures can be found in the consolidated financial statements of the John Clark (Holdings) Limited Group.

All of our dealerships see ongoing review as regards their environmental sustainability and carbon footprint. Despite some initial supplier delays due to the restricted availability of key materials, investment plans have been developed and implemented which see both solar panel and electric vehicle charge point infrastructure being adopted.

This report was approved by the board on 14 July 2023 and signed on its behalf.



C J Clark
Director

CLARK COMMERCIALS (ABERDEEN) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company in the year under review was that of three Aberdeen based motor dealerships.

Results and dividends

The profit for the year, after taxation, amounted to £888,686 (2021: £839,226).

The Directors have not proposed a dividend during the year (2021: £Nil).

Directors

The Directors who served during the year were:

J H S Clark

C J Clark

G A McQuillan (Appointed 31 March 2022)

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLARK COMMERCIALS (ABERDEEN) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors' responsibilities statement (Continued)

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Company's business activities are described in the Strategic Report. The factors likely to affect its financial position and its exposure to credit, liquidity and interest rate risk across the going concern period up to 31 July 2024 are described in the Strategic Report of John Clark (Holdings) Limited, the ultimate parent company.

As part of the John Clark (Holdings) Group ('the Group'), the Company has access to financial resources as required, and the Group has confirmed that it will ensure that sufficient funds are available so that the Company can continue to meet its obligations for the going concern period to 31 July 2024. In reaching their conclusions on going concern, the Company's Directors have considered the assessment performed by the Group. After considering the profitability and cash flow forecasts, including significant but plausible downside sensitives applied to turnover and profitability, the Directors have concluded that the Group has sufficient resources to continue in operational existence for the going concern assessment period, to 31 July 2024. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Ernst and Young LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14 July 2023 and signed on its behalf.



C J Clark
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARK COMMERCIALS (ABERDEEN) LIMITED

Opinion

We have audited the financial statements of Clark Commercials (Aberdeen) Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes 1 to 26 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 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 to 31 July 2024 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARK COMMERCIALS (ABERDEEN) LIMITED

Other Information (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARK COMMERCIALS (ABERDEEN) LIMITED

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.

Explanation as to what extent 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 irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

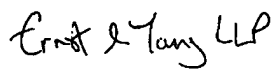
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to reporting framework (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations.
- We understood how Pentland Motor Company Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated our enquiries through reading board minutes, and we noted that there was no contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of stakeholders. Where the risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journals and year end revenue cut off and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations; enquiries of management; and journal testing, as outlined above.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARK COMMERCIALS (ABERDEEN) LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 Copland (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
17 July 2023

CLARK COMMERCIALS (ABERDEEN) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Turnover	4	66,593,619	67,833,726
Cost of sales		(60,526,835)	(62,380,373)
Gross profit		6,066,784	5,453,353
Administrative expenses		(4,744,811)	(4,146,949)
Operating profit	5	1,321,973	1,306,404
Finance costs	9	(208,510)	(180,393)
Profit before tax		1,113,463	1,126,011
Tax on profit	10	(224,777)	(286,785)
Profit for the financial year		888,686	839,226

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

All results relate to continuing operations.

The notes on pages 13 to 25 form part of these financial statements.

CLARK COMMERCIALS (ABERDEEN) LIMITED
REGISTERED NUMBER: SC065454

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	11	688,556	545,837
Current assets			
Stocks	12	13,341,271	12,055,569
Debtors: amounts falling due within one year	13	2,044,788	2,404,742
Cash at bank and in hand	14	1,951,965	2,663,829
Total current assets		17,338,024	17,124,140
Current liabilities			
Creditors: amounts falling due within one year	15	(15,731,029)	(16,217,524)
Net current assets		1,606,995	906,616
Total assets less current liabilities		2,295,551	1,452,453
Creditors: amounts falling due after more than one year	17	(131,924)	(213,024)
Provisions for liabilities			
Deferred tax	18	(296,564)	(261,052)
Total non-current liabilities		(428,488)	(474,076)
Net assets		1,867,063	978,377
Capital and reserves			
Called up share capital	19	12,050	12,050
Capital redemption reserve	20	7,950	7,950
Profit and loss account	20	1,847,063	958,377
Total equity		1,867,063	978,377

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 July 2023.



C J Clark
Director

The notes and accounting policies on pages 13 to 25 form part of these financial statements.

CLARK COMMERCIALS (ABERDEEN) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	12,050	7,950	958,377	978,377
Profit for the year	-	-	888,686	888,686
At 31 December 2022	<u>12,050</u>	<u>7,950</u>	<u>1,847,063</u>	<u>1,867,063</u>

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	12,050	7,950	119,151	139,151
Profit for the year	-	-	839,226	839,226
At 31 December 2021	<u>12,050</u>	<u>7,950</u>	<u>958,377</u>	<u>978,377</u>

CLARK COMMERCIALS (ABERDEEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Clark Commercials (Aberdeen) Limited is a private company limited by shares and registered in Scotland. The registered office is based at Alliance Centre, Greenwell Road, East Tullos Industrial Estate, Aberdeen, Aberdeenshire, AB12 3AX, Scotland.

The principal activity of the Company is the selling and servicing of motor vehicles.

2. Accounting Policies

2.1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company's business activities are described in the Strategic Report. The factors likely to affect its financial position and its exposure to credit, liquidity and interest rate risk across the going concern period up to 31 July 2024 are described in the Strategic Report of John Clark (Holdings) Limited, the ultimate parent company.

As part of the John Clark (Holdings) Group ('the Group'), the Company has access to financial resources as required, and the Group has confirmed that it will ensure that sufficient funds are available so that the Company can continue to meet its obligations for the going concern period to 31 July 2024. In reaching their conclusions on going concern, the Company's Directors have considered the assessment performed by the Group. After considering the profitability and cash flow forecasts, including significant but plausible downside sensitives applied to turnover and profitability, the Directors have concluded that the Group has sufficient resources to continue in operational existence for the going concern assessment period, to 31 July 2024. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The financial statements have been prepared in Sterling (£) as the functional currency.

CLARK COMMERCIALS (ABERDEEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting Policies (Continued)

2.2. Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).
- the requirements of Section 33 Related Party disclosures paragraph 1A

This information is included in the consolidated financial statements of John Clark (Holdings) Limited as at 31 December 2022 and these financial statements may be obtained from Companies House.

2.3. Revenue

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

Revenue, which is wholly attributable to the Company's principal activities and is derived entirely in the United Kingdom, represents the amounts derived from the provision of goods and services to customers during the year. Turnover is recognised when vehicles and parts are invoiced and physically handed over or when the service has been undertaken.

Manufacturer franchise performance related bonuses are a material part of the Company's revenue. Whether in the vehicle sales, after sales workshops or parts functions, these are recognised as income only when the related objectives have been achieved and all risks and rewards have been transferred to the customer. Furthermore, any specific bonuses which have been paid upon stock vehicles are deferred until the vehicle is sold.

2.4. Tangible fixed assets

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

CLARK COMMERCIALS (ABERDEEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting Policies (Continued)

2.4. Tangible fixed assets (Continued)

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over remaining lease period
Plant and equipment	- 3 to 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5. Leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.6. Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

The Company has entered into a number of consignment agreements with manufacturers regarding the supply of vehicles. The Directors review each of these separately and recognise the stock and related creditor at the point the risks and rewards of ownership have passed to the Company.

CLARK COMMERCIALS (ABERDEEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

• 2. Accounting Policies (Continued)

2.7. Debtors

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

2.8. Cash and cash equivalents

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

2.9. Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting Policies (Continued)

2.10. Provisions and liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Statement of Financial Position. For further detail of specific provisions made see note 3 regarding judgements and estimates.

2.11. Creditors

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

2.12. Finance cost

Finance costs are charged to the Statement of Comprehensive Income 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.

2.13. Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.14. Current and deferred taxation

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

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting Policies (Continued)

2.14. Current and deferred taxation (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.15. Coronavirus Job Retention Scheme (CJRS)

Receipts claimed under the CJRS scheme for employees placed on furlough were recognised in the same period that the underlying furloughed staff costs relate to. The company settled in full the payroll liability and therefore met the conditions to claim and net the CJRS receipts against the staff costs.

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

Certain judgements are applied in the preparation of the statutory accounts with the Company following a group standard policy on stock provisioning. The age of stock is taken into account on all categories of stock with standard percentage provisioning applied to parts and miscellaneous stock, and industry renowned external valuations, when considering the requirement and quantum of provisions on vehicle stocks.

4. Turnover

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

	2022	2021
	£	£
Sale of goods and provision of services	<u>66,593,619</u>	<u>67,833,726</u>

All turnover arose within the United Kingdom.

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating profit

The operating profit is stated after charging:	2022	2021
	£	£
Depreciation of tangible fixed assets	157,798	175,080
Demonstrator and courtesy vehicle depreciation	278,212	288,873
Other operating lease rentals	<u>730,782</u>	<u>787,959</u>

6. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>25,000</u>	<u>20,000</u>

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

7. Employees

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

	2022	2021
	£	£
Wages and salaries	3,831,784	3,535,460
Social security costs	410,180	356,741
Cost of defined contribution scheme	<u>116,701</u>	<u>106,882</u>
	4,358,665	3,999,083
Less: CJRS Furlough receipts	<u>-</u>	<u>(105,681)</u>
	<u>4,358,665</u>	<u>3,893,402</u>

The Company claimed furlough support from the Coronavirus Job Retention Scheme during the prior year, which was fully passed on to the employees for which it was claimed, as per the requirements of the scheme.

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

	2022	2021
	No.	No.
Sales	33	34
Service	47	47
Bodyshop & Parts	9	8
Management & Administration	<u>15</u>	<u>18</u>
	<u>104</u>	<u>107</u>

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	203,841	-
Company contributions to pension schemes	6,250	-
	<u>210,091</u>	<u>-</u>

During the year retirement benefits were accruing to one director (2021: none) in respect of defined contribution pension schemes. The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £6,250 (2021: £nil).

9. Finance costs

	2022	2021
	£	£
Bank interest	3,965	1,219
Stocking loan interest	196,585	175,092
Finance leases and hire purchase contracts	7,960	4,082
	<u>208,510</u>	<u>180,393</u>

10. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax charge on profit for the year	193,065	224,183
Adjustments in respect of previous periods	(3,800)	15,509
Total current tax	<u>189,265</u>	<u>239,692</u>
Deferred tax		
Origination and reversal of timing differences	23,189	(49)
Adjustments in respect of previous periods	5,000	(15,510)
Changes to tax rates	7,323	62,652
Total deferred tax	<u>35,512</u>	<u>47,093</u>
Taxation on profit on ordinary activities	<u>224,777</u>	<u>286,785</u>

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)

Factors affecting tax charge for the year:

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

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,113,463</u>	<u>1,126,011</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	211,558	213,942
Effects of:		
Expenses not deductible for tax purposes	12,296	10,192
Assets qualifying for super deduction	(7,600)	-
Changes in tax rates	7,323	62,652
Adjustments to tax charge in respect of prior periods	<u>1,200</u>	<u>(1)</u>
Total tax charge for the year	<u><u>224,777</u></u>	<u><u>286,785</u></u>

Factors that may affect future tax charges:

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were therefore substantively enacted at the date of the statement of financial position, hence have been reflected in the measurement of deferred taxes balance which has been recognised at 25% (2021 – 25%) at the period end date.

11. Tangible fixed assets

	Leasehold Improvements £	Plant and equipment £	Total £
Cost			
At 1 January 2022	628,079	1,320,585	1,948,664
Additions	<u>42,445</u>	<u>258,072</u>	<u>300,517</u>
At 31 December 2022	<u>670,524</u>	<u>1,578,657</u>	<u>2,249,181</u>
Depreciation			
At 1 January 2022	348,229	1,054,598	1,402,827
Charge for the year	<u>59,210</u>	<u>98,588</u>	<u>157,798</u>
At 31 December 2022	<u>407,439</u>	<u>1,153,186</u>	<u>1,560,625</u>
Net book value			
At 31 December 2022	<u>263,085</u>	<u>425,471</u>	<u>688,556</u>
At 31 December 2021	<u>279,850</u>	<u>265,987</u>	<u>545,837</u>

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Stocks

	2022	2021
	£	£
Goods for resale - Vehicles	8,513,707	6,294,626
Goods for resale - Parts	341,684	321,096
Manufacturer wholesale	4,470,918	5,419,167
Miscellaneous	14,962	20,680
	<u>13,341,271</u>	<u>12,055,569</u>

In addition to the above the Company holds consignment stock totaling £2,639,752 (2021: £177,724). Title to such stock is normally transferred after 90-180 days if items are not sold.

Manufacturer wholesale stock is where vehicles have seen VAT invoices raised and charged to the Company but where no immediate payment is required and the invoice has then been assigned to a third party finance house stocking facility. The associated VAT inclusive creditors are shown in note 15.

13. Debtors

	2022	2021
	£	£
Trade debtors	1,332,096	1,880,048
Amounts owed by group undertakings	-	197,278
Other debtors	712,692	327,416
	<u>2,044,788</u>	<u>2,404,742</u>

14. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	<u>1,951,965</u>	<u>2,663,829</u>

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Stocking loans	4,435,334	5,694,149
Trade creditors	3,665,806	4,190,374
Amounts owed to group undertakings	770,550	-
Manufacturer wholesale	4,922,028	4,626,422
Corporation tax	193,065	224,183
Other taxation and social security	114,950	100,473
Other creditors	1,629,296	1,381,923
	<u>15,731,029</u>	<u>16,217,524</u>

Manufacturer wholesale creditors occur where vehicles have seen VAT invoices raised and charged to the Company but where no immediate payment is required and the invoice has then been assigned to a third party finance house stocking facility. The associated stocks are shown in note 12.

16. Financial instruments

	2022	2021
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>3,579,014</u>	<u>4,892,665</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(15,554,938)</u>	<u>(16,105,893)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise vehicle stocking loans, trade creditors, hire purchase liabilities and other creditors.

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

	2022	2021
	£	£
Stocking loans	<u>131,924</u>	<u>213,024</u>

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Deferred taxation

	2022	2021
	£	£
At beginning of year	261,052	213,959
Charged to profit or loss	35,512	47,093
At end of year	296,564	261,052

The provision for deferred taxation is made up as follows:

	2022	2021
	£	£
Fixed asset timing differences	10,191	(20,564)
Short term timing differences	(2,399)	(7,156)
Deferred tax on rolled over gain	288,772	288,772
	296,564	261,052

19. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
12,050 (2021: 12,050) Ordinary Shares of £1 each	12,050	12,050

20. Reserves

Capital redemption reserve

The capital redemption reserve arose upon redemption of the Company's own shares. Non-distributable reserve.

Profit or loss account

Includes all current and prior period retained profits and losses. Distributable reserve.

Called up share capital

Represents the nominal value of shares that have been issued. Non-distributable reserve.

21. Guarantees

The Company has issued guarantees with certain other group companies in connection with bank facilities and stocking loan facilities received by the group. The total of the balances covered by guarantees at 31 December 2022 was £nil (2021: £nil) and £50,671,484 (2021: £63,341,508) respectively.

CLARK COMMERCIALS (ABERDEEN) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Pension commitments

The Company contributes to personal pension plans of employees. The assets are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the company to the plans and amounted to £116,701 (2021: £106,882). Contributions payable to the plans at the year-end were £9,603 (2021: £8,630).

23. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£	£
Not later than 1 year	546,544	795,834
Later than 1 year and not later than 5 years	2,186,176	3,183,336
Later than 5 years	6,543,896	9,943,087
	<u>9,276,616</u>	<u>13,922,257</u>

24. Related party transactions

Under section 33.1A of FRS 102, the Company has taken advantage of the exemption for disclosure of related party transactions between members of a group where subsidiaries are wholly owned.

The Board of Directors have considered key management personnel and have concluded this consists of directors only. Remuneration of Directors disclosed at note 8 to the financial statements is therefore considered to be complete as regards to key management personnel.

25. Controlling party

The immediate parent company is John Clark (Holdings) Limited, a company incorporated in Great Britain, registered in Scotland and whose principal place of business is the same as the registered address of the Company. The Directors consider the ultimate controlling party is John HS Clark by virtue of his majority shareholding in the immediate parent company.

The largest group in which the results of the Company are consolidated is that headed by John Clark (Holdings) Limited. The consolidated accounts of John Clark (Holdings) Limited are available to the public and may be obtained from the Registrar of Companies. Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

26. Post balance sheet events

There have been no significant events affecting the company since the year end.