

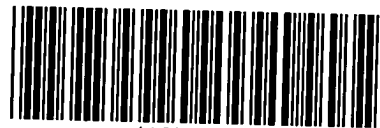
Registered number: 02576310

CANEI INTERNATIONAL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

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CANEI INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	R L Bhardwaj B K Bhardwaj K K Bhardwaj H Bhardwaj N Bhardwaj D S K Bhardwaj (appointed 1 June 2022) L K Bhardwaj (appointed 1 June 2022) S D Bhardwaj (appointed 1 June 2022)
Company secretary	B K Bhardwaj
Registered number	02576310
Registered office	4brothers House Wilsthorne Road Long Eaton Nottingham NG10 3LE
Independent auditor	Cooper Parry Group Limited Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

CANEI INTERNATIONAL LIMITED

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CANEI INTERNATIONAL LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2022

Introduction

The principal activities of the company are that of car sales and servicing, and storage rental.

Business review

The results for the year and financial position of the company are shown in the annexed financial statements.

Following on from the previous year, we have again demonstrated business resilience and an ability to manage ongoing external pressures during 2022. The result is, that in spite of the external headwinds of challenging conditions, we have been able to trade profitably, with both cash and borrowing facilities continuing to be available for investment opportunities. The market for second hand cars has improved drastically over the past few years, which has helped to contribute to the sustained strong performance of the company.

At the same time, we have maintained a high standard of customer service excellence, which acts as a strong driver for customer base growth and plays an important part in reinforcing our reputation and maintaining our competitive advantage.

The board are satisfied with the trading performance during the year, achieving strong revenues and profits despite the impact of further coronavirus lockdowns.

Also, the board are confident that the company remains well placed delivering a consistently reliable performance which will enable it to build on its investment for long term growth. The strategy put in place some years ago to enhance internal training procedures and the dedication of employees is delivering results.

Principal risks and uncertainties

Vehicle pricing risk could impact the company's business through fluctuations in prices in the nearly-new and used vehicle market. This risk is reduced by the company monitoring their selling prices on a regular basis against other key competitors in the market.

Interest rate risks are reduced by the company continuing to finance its operations through a mixture of retained profits, bank borrowings and a stock financing facility. The company's exposure to interest rate fluctuations on its borrowing is managed by the use of both fixed and floating facilities.

Financial risks are considered low because of strong profitability, a cash generative base, and because the company are able to insure against material financial risks.

Liquidity risk is mitigated due to the company's strong cash flow, and a good earnings visibility ensures that its margins are sufficient to exceed operating costs. Current borrowing levels and financial covenants can be supported comfortably. Facilities are in place until 2024.

In the view of the directors the company has no material uncertainties as it is a well-established local business.

Analysis of development and performance

Sales activity continues to be buoyant and this should continue, with new customers continually attracted to the brand. The market for second hand cars remains strong with demand high post year end. This is expected to continue for the foreseeable future.

The company continues to offer a quality, customer-driven service across the whole business, helping to retain existing customers and to attract new ones.

CANEI INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022**

Analysis using financial key performance indicators

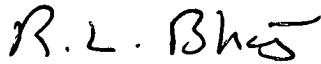
The financial key performance indicators are turnover from products and services, operating profit and profit before tax.

Turnover from products and services decreased slightly by 8% to £27.0m (2021: £29.4m). Operating profits have remained strong at £1.8m (2021: £1.9m). Profit before tax decreased by 7% to £1.8m (2021: £1.9m).

Future developments

The company is aiming to increase sales whilst maintaining higher margins, with internet sales and diversification into specialist areas being a major factor in the growth process.

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



R L Bhardwaj
Director

Date: 20 July 23

CANEI INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present their report and the financial statements for the year ended 31 October 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,412,405 (2021: £1,420,466).

A dividend of £210,000 has been paid during the year (2021: £270,000).

Directors

The directors who served during the year were:

R L Bhardwaj
B K Bhardwaj
K K Bhardwaj
H Bhardwaj
N Bhardwaj
D S K Bhardwaj (appointed 1 June 2022)
L K Bhardwaj (appointed 1 June 2022)
S D Bhardwaj (appointed 1 June 2022)

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's report) Regulations 2013 set out in the company's Strategic Report for information required by the Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

CANEI INTERNATIONAL LIMITED

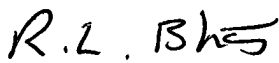
**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022**

Disclosure of information to auditor

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

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

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



R L Bhardwaj
Director

Date: 20 July 23

CANEI INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANEI INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Canei International Limited (the 'company') for the year ended 31 October 2022, which comprise the profit and loss account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

CANEI INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANEI INTERNATIONAL LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial 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 set out on page 3, 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.

CANEI INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANEI INTERNATIONAL LIMITED (CONTINUED)

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.

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

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but were not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, through discussions with management, and a review of the legal and professional nominal codes and board minutes in the year and post year end;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions with management and walkthrough test of controls;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias, specifically in relation to the valuation of investment properties and provisioning on stock and debtor balances.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing legal and professional expenses.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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

CANEI INTERNATIONAL LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANEI INTERNATIONAL LIMITED
(CONTINUED)**

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Cooper Parry Group Limited

Steven Ellis (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: *20 July 23*

CANEI INTERNATIONAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2022**

	Note	2022 £	2021 £
Turnover	3	27,008,126	29,448,203
Cost of sales		(21,260,044)	(23,785,467)
Gross profit		<u>5,748,082</u>	<u>5,662,736</u>
Administrative expenses		(3,939,966)	(3,625,276)
Fair value movements		-	(140,000)
Other operating income	4	<u>-</u>	<u>26,029</u>
Operating profit	5	1,808,116	1,923,489
Interest payable and similar charges	8	<u>(53,327)</u>	<u>(39,848)</u>
Profit on ordinary activities before taxation		1,754,789	1,883,641
Tax on profit on ordinary activities	9	<u>(342,384)</u>	<u>(463,175)</u>
Profit for the financial year		<u><u>1,412,405</u></u>	<u><u>1,420,466</u></u>
Surplus on revaluation of tangible fixed assets		-	122,823
Total comprehensive income for the year		<u><u>1,412,405</u></u>	<u><u>1,543,289</u></u>

The notes on pages 14 to 29 form part of these financial statements.

CANEI INTERNATIONAL LIMITED
REGISTERED NUMBER: 02576310

BALANCE SHEET
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible fixed assets	11	-	-
Tangible fixed assets	12	2,240,386	2,312,723
Investment property	13	1,330,000	1,330,000
		<u>3,570,386</u>	<u>3,642,723</u>
Current assets			
Stocks	14	5,629,496	5,225,644
Debtors	15	7,449,529	9,854,301
Cash at bank and in hand		6,456,825	3,221,792
		<u>19,535,850</u>	<u>18,301,737</u>
Creditors: amounts falling due within one year	16	(8,936,778)	(8,154,955)
Net current assets		<u>10,599,072</u>	<u>10,146,782</u>
Total assets less current liabilities		14,169,458	13,789,505
Creditors: amounts falling due after more than one year	17	-	(824,078)
Provisions for liabilities			
Deferred taxation	19	(233,842)	(232,216)
Net assets		<u><u>13,935,616</u></u>	<u><u>12,733,211</u></u>
Capital and reserves			
Called up share capital	20	1,000	1,000
Revaluation reserve	21	929,384	929,384
Other reserves	21	354,347	354,347
Profit and loss account	21	12,650,885	11,448,480
Shareholders' funds		<u><u>13,935,616</u></u>	<u><u>12,733,211</u></u>

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

R. L. Bhardwaj

R L Bhardwaj
Director

Date: 20 July 23

The notes on pages 14 to 29 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

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

	Share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 November 2021	1,000	929,384	354,347	11,448,480	12,733,211
Profit for the year	-	-	-	1,412,405	1,412,405
Dividends paid	-	-	-	(210,000)	(210,000)
At 31 October 2022	1,000	929,384	354,347	12,650,885	13,935,616

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 November 2020	1,000	806,561	494,347	10,158,014	11,459,922
Profit for the year	-	-	-	1,420,466	1,420,466
Surplus on revaluation of freehold property	-	122,823	-	-	122,823
Transfer to other reserves	-	-	-	140,000	140,000
Surplus on revaluation of investment property	-	-	(140,000)	-	(140,000)
Dividends paid	-	-	-	(270,000)	(270,000)
At 31 October 2021	1,000	929,384	354,347	11,448,480	12,733,211

The notes on pages 14 to 29 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2022**

	2022	2021
	£	£
Cash flows from operating activities		
Profit for the financial year	1,412,405	1,420,466
Adjustments for:		
Depreciation of tangible assets	122,049	126,691
Interest paid	53,327	39,848
Taxation charge	342,384	463,175
Increase in stocks	(403,852)	(1,441,476)
Decrease/ (increase) in debtors	2,404,772	(3,850,084)
Increase in creditors	373,277	1,832,483
Corporation tax paid	(394,423)	(270,277)
Revaluation loss on investment property	-	140,000
Net cash generated from operating activities	<u>3,909,939</u>	<u>(1,539,174)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(49,712)	(73,365)
Net cash from investing activities	<u>(49,712)</u>	<u>(73,365)</u>
Cash flows from financing activities		
Repayment of secured loans	(218,316)	(243,316)
Movement on directors' loans	898	801,464
Dividends paid	(210,000)	(270,000)
Interest paid	(53,327)	(39,848)
Net cash used in financing activities	<u>(480,745)</u>	<u>248,300</u>
Net increase/(decrease) in cash and cash equivalents	3,379,482	(1,364,239)
Cash and cash equivalents at beginning of year	2,573,018	3,937,257
Cash and cash equivalents at the end of year	<u><u>5,952,500</u></u>	<u><u>2,573,018</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,456,825	3,221,792
Bank overdrafts	(504,325)	(648,774)
	<u><u>5,952,500</u></u>	<u><u>2,573,018</u></u>

The notes on pages 14 to 29 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 OCTOBER 2022**

	At 1 November 2021 £	Cash flows £	Other non- cash changes £	At 31 October 2022 £
Cash at bank and in hand	3,221,792	3,235,033	-	6,456,825
Bank overdrafts	(648,774)	144,449	-	(504,325)
Debt due after 1 year	(824,078)	-	824,078	-
Debt due within 1 year	(3,169,364)	217,418	(824,078)	(3,776,024)
	<u>(1,420,424)</u>	<u>3,596,900</u>	<u>-</u>	<u>2,176,476</u>

The notes on pages 14 to 29 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

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

1. Accounting policies

Canei International Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 October 2022 (2021: year ended 31 October 2021).

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the United Kingdom 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 directors to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been applied consistently throughout the year:

1.2 Going concern

At the balance sheet date the company had a cash balance (net of overdraft) of £5,952,500, net current assets of £10,599,072, and net assets of £13,935,616. At the time of signing these accounts, the directors have considered the going concern position, and consider that this does indicate that the company will continue to trade for a period of at least 12 months from the date of signing these accounts.

On that basis, the directors have prepared these financial statements on a going concern basis.

CANEI INTERNATIONAL LIMITED

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

1. Accounting policies (continued)

1.3 Turnover

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

Sale of motor vehicles and accessories

Turnover from the sale of motor vehicles and accessories is recognised when the vehicle has been collected by the customer and the risks and rewards of ownership have passed.

Sale of motor related services

Turnover from motor related services include car servicing, MOT tests and warranties. Sales of related services are recognised when the product is supplied to the customer. Costs in relation to warranties are expensed to the profit and loss account as incurred.

Commission receivable

Where the company receives commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the company recognises such income on an accruals basis.

Other income

Other income relates to rental income received from investment properties and storage units. Other income is recognised on an accruals basis for the duration of the contract.

1.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

Government grants relating to Coronavirus Job Retention Scheme income is included within other operating income in the profit and loss account.

1.5 Intangible fixed assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life of five years.

CANEI INTERNATIONAL LIMITED

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

1. Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at historical cost, as modified by the revaluation of freehold properties, 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 the directors.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- 2% on cost
Short-term leasehold property	- 20% to 33.3% on cost
Plant and machinery	- 15% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% reducing balance
Computer equipment	- 25% reducing balance

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

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

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account.

1.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

CANEI INTERNATIONAL LIMITED

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

1. Accounting policies (continued)

1.8 Investment property

Investment property is carried at fair value determined annually by the directors based on advice from professional surveyors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

1.9 Stocks

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

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

1.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties and loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

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, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.11 Leasing and hire purchase

Assets that are held by the company under leases which transfer substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership are classed as operating leases.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Obligations under such arrangements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 Dividends

Equity dividends are recognised when they become legally payable.

CANEI INTERNATIONAL LIMITED

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

1. Accounting policies (continued)

1.13 Pensions

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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.14 Provisions for liabilities

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

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

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

1.15 Taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

CANEI INTERNATIONAL LIMITED

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

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

The company makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the directors have made the following judgements:

Investment properties

Critical estimates, assumptions and judgements relate to the determination of the carrying value of investment properties at fair value through the profit and loss account. In determining this, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology.

Carrying value of stocks

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

CANEI INTERNATIONAL LIMITED

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

3. Turnover

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

	2022 £	2021 £
Sales of motor vehicles and accessories	20,660,844	23,804,783
Sales of motor related services	5,822,941	5,135,546
Commissions receivable	340,444	340,648
Other income	183,897	167,226
	<u>27,008,126</u>	<u>29,448,203</u>

All turnover arose within the United Kingdom.

4. Other operating income

	2022 £	2021 £
Government grants receivable - Coronavirus Job Retention Scheme	-	26,029
	<u>-</u>	<u>26,029</u>

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	122,049	126,691
Auditor's remuneration	7,500	7,250
Other operating lease rentals	236,618	229,529
	<u>366,167</u>	<u>363,460</u>

CANEI INTERNATIONAL LIMITED

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

6. Employees

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

	2022 £	2021 £
Wages and salaries	2,396,965	2,170,133
Social security costs	244,024	206,356
Cost of defined contribution scheme	39,681	37,058
	<u>2,680,670</u>	<u>2,413,547</u>

During the year, no director received any emoluments (2021: £Nil).

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

	2022 No.	2021 No.
Operational	74	78
Directors	5	5
	<u>79</u>	<u>83</u>

7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	96,540	-
Company contributions to defined contribution pension schemes	1,600	-
	<u>98,140</u>	<u>-</u>

During the year retirement benefits were accruing to 2 directors (2021: Nil) in respect of defined contribution pension schemes.

8. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	51,586	37,869
On other loans	1,741	1,979
	<u>53,327</u>	<u>39,848</u>

CANEI INTERNATIONAL LIMITED

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

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	348,195	400,713
Adjustments in respect of previous periods	(7,437)	(9,047)
Total current tax	<u>340,758</u>	<u>391,666</u>
Deferred tax		
Origination and reversal of timing differences	(8,979)	39,887
Adjustments in respect of prior periods	10,605	(14,537)
Effect of tax rate change on opening balance	-	46,159
Total deferred tax	<u>1,626</u>	<u>71,509</u>
Taxation on profit on ordinary activities	<u><u>342,384</u></u>	<u><u>463,175</u></u>

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>1,754,789</u>	<u>1,883,641</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	333,410	357,892
Effects of:		
Fixed asset differences	7,677	7,834
Expenses not deductible for tax purposes	285	27,429
Chargeable gains/(losses)	-	37,873
Adjustments to tax charge in respect of prior periods	(7,437)	(9,047)
Adjustments to tax charge in respect of prior periods - deferred tax	10,605	(14,537)
Remeasurement of deferred tax for changes in rates	(2,156)	55,731
Total tax charge for the year	<u><u>342,384</u></u>	<u><u>463,175</u></u>

CANEI INTERNATIONAL LIMITED

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

9. Taxation (continued)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. 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, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 31 October 2022. As such, the deferred tax rate applicable at 31 October 2022 is 25% and deferred tax has been re-measured at this rate.

10. Dividends

	2022 £	2021 £
Dividends paid	210,000	270,000

11. Intangible fixed assets

	Goodwill £
Cost	
At 1 November 2021 and 31 October 2022	84,050
Amortisation	
At 1 November 2021 and 31 October 2022	84,050
Net book value	
At 31 October 2021 and 31 October 2022	-

CANEI INTERNATIONAL LIMITED

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

12. Tangible fixed assets

	Freehold property £	Short- term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost							
At 1 November 2021	1,820,000	312,868	403,326	150,212	512,543	97,181	3,296,130
Additions	-	-	28,776	20,936	-	-	49,712
At 31 October 2022	<u>1,820,000</u>	<u>312,868</u>	<u>432,102</u>	<u>171,148</u>	<u>512,543</u>	<u>97,181</u>	<u>3,345,842</u>
Depreciation							
At 1 November 2021	36,479	77,492	274,291	122,034	384,404	88,707	983,407
Charge for the year	37,110	34,624	23,068	12,174	12,954	2,119	122,049
At 31 October 2022	<u>73,589</u>	<u>112,116</u>	<u>297,359</u>	<u>134,208</u>	<u>397,358</u>	<u>90,826</u>	<u>1,105,456</u>
Net book value							
At 31 October 2022	<u>1,746,411</u>	<u>200,752</u>	<u>134,743</u>	<u>36,940</u>	<u>115,185</u>	<u>6,355</u>	<u>2,240,386</u>
At 31 October 2021	<u>1,783,521</u>	<u>235,376</u>	<u>129,035</u>	<u>28,178</u>	<u>128,139</u>	<u>8,474</u>	<u>2,312,723</u>

The company's freehold property was re-valued in September 2021 by Geo Hallam & Sons, which is regulated by RICS.

The valuations were performed on a market value basis. In arriving at the opinion of the market value of the properties the valuers have taken into consideration the trading information to arrive at the level of Fair Maintainable Operating Profit (FMOP) the Reasonably Efficient Operator would derive from the Fair Maintainable Turnover. The FMOP has then been capitalised at an appropriate multiplier reflecting the risk and reward of the properties and the trading potential of the properties.

The carrying amount of freehold property, had the assets been carried under the cost model was £1,039,540 (2021: £1,076,650).

CANEI INTERNATIONAL LIMITED

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

13. Investment property

	Freehold investment property £
Valuation	
At 1 November 2021	1,330,000
At 31 October 2022	<u>1,330,000</u>

The 2022 valuations were made by the directors, on a book value method for existing use basis.

14. Stocks

	2022 £	2021 £
Goods for resale	5,629,496	5,225,644

15. Debtors

	2022 £	2021 £
Trade debtors	57,001	225,713
Other debtors	7,367,807	9,609,246
Prepayments and accrued income	24,721	19,342
	<u>7,449,529</u>	<u>9,854,301</u>

CANEI INTERNATIONAL LIMITED

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

16. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank overdrafts	504,325	648,774
Bank loans	824,078	218,316
Other loans	2,951,946	2,951,048
Trade creditors	404,751	338,536
Corporation tax	346,425	400,090
Other taxation and social security	240,666	441,626
Other creditors	3,633,050	3,119,863
Accruals and deferred income	31,537	36,702
	<u>8,936,778</u>	<u>8,154,955</u>

Other loans include a stocking loan of £2,937,486 (2021: £2,937,486) which is secured against a debenture over the assets of the company and first unlimited priority over the stockholding of the company. This is supported by joint and several personal guarantees from B K Bhardwaj, R L Bhardwaj and K K Bhardwaj.

The bank loans and overdrafts are secured and supported by the following assets:

- A legal charge over the freehold and investment property;
- An intercompany cross-guarantee between Canei International Limited, NS Kambr Limited and 4Brothers Properties Limited, supported by a first legal charge over the respective company's property;

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

	2022	2021
	£	£
Bank loans	-	824,078
	<u>-</u>	<u>824,078</u>

See note 16 for details of security.

CANEI INTERNATIONAL LIMITED

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

18. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	824,078	218,316
Other loans	2,951,946	2,951,048
Amounts falling due 1-2 years		
Bank loans	-	824,078
	<u>3,776,024</u>	<u>3,993,442</u>

The bank loans are being repaid in quarterly installments until April 2023 and attract interest at a rate of 2.1% over LIBOR.

19. Deferred taxation

	2022 £	2021 £
At beginning of year	232,216	160,707
Charged to profit or loss	1,626	71,509
At end of year	<u>233,842</u>	<u>232,216</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	33,290	40,804
Short term timing differences	(788)	(9,928)
Capital gains	201,340	201,340
	<u>233,842</u>	<u>232,216</u>

CANEI INTERNATIONAL LIMITED

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

20. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000 Ordinary Shares of £1 each	-	1,000
800 Ordinary A Shares of £1 each	800	-
200 Ordinary B Shares shares of £1 each	200	-
	1,000	1,000

During the year, 1,000 ordinary shares of £1 each have been redesignated to 800 ordinary A shares of £1 each and 200 ordinary B shares of £1 each.

All types of shares rank pari-passu and have the same voting rights attached.

21. Reserves

Revaluation reserve

The revaluation reserve represents amounts revalued in relation to freehold properties.

Other reserves

Other reserves relates to unrealised gains on the revaluation of investment properties.

Profit and loss account

The profit and loss account represents accumulated profits and losses for prior periods less dividends paid.

22. Contingent liabilities

Canei International Limited has provided cross company guarantees in respect of the liabilities of N, S. Kambr Limited and 4Brothers Properties Limited in support of their business activities. As at 31 October 2022 the contingent liability amounted to £2,786,253 (2021: £2,963,253).

23. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £39,681 (2021: £37,058). Contributions totaling £5,486 (2021: £7,058) were payable to the fund at the balance sheet date.

CANEI INTERNATIONAL LIMITED

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

24. Commitments under operating leases

At 31 October 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	41,341	28,040
Later than 1 year and not later than 5 years	154,536	46,848
Later than 5 years	51,230	25,586
	<u>247,107</u>	<u>100,474</u>

25. Related party transactions

	2022 £	2021 £
Dividends paid to directors	168,000	216,000
Dividends paid to close family members	42,000	54,000
Amounts due to directors	14,460	13,562
Amounts due to companies in which a director has a significant interest	3,610,690	2,451,804
Amounts due to companies in which a director has a close family member who is a director and has significant influence	-	649,002
Amounts due from companies in which a director has a significant interest	7,367,807	9,609,246
Rent paid to companies in which a director has a significant interest	186,875	184,856
Rent received from companies in which a director has a significant interest	84,696	33,280
Rent received from companies in which a director has a close family member who is a director and has significant influence	-	51,416

The amounts due to directors is interest free, unsecured and has no fixed repayment date.

The directors consider there to be no key management personnel, other than the directors, who have authority and responsibility for planning, directing and controlling the activities of the company.

During the year, purchases of £320,000 were made from one of the directors, on normal market terms.

26. Controlling party

The company is controlled by R L Bhardwaj, B K Bhardwaj, K K Bhardwaj and S D Bhardwaj by virtue of their majority shareholding.