

Company number: 09670387

SG International Holdings Limited

**Annual Report and Financial Statements
For the year ended 30 June 2022**

THURSDAY



ABZWZY08

A04

23/03/2023

#178

COMPANIES HOUSE

SG International Holdings Limited

Contents

	Page(s)
Directors and Key Advisors	1
Strategic Report	2 - 10
Directors' Report	11 - 14
Independent Auditors' Report to the Members of SG International Holdings Limited	15 - 18
Consolidated Statement of Comprehensive Income	19 - 20
Consolidated Statement of Financial Position	21 - 22
Parent Company Statement of Financial Position	23 - 24
Consolidated Statement of Changes in Equity	25 - 26
Parent Company Statement of Changes in Equity	27
Consolidated Statement of Cash Flows	28
Notes to the Financial Statements	29 - 88

SG International Holdings Limited

Directors and Key Advisors

Directors

C A Brown
A G Chambers
P W Mountford
P M Wood

Secretary

Higgs Secretarial Limited

Registration No.

09670387

Registered Office

Allen Ford
Tachbrook Park Drive
Warwick
United Kingdom
CV34 6SY

Independent Auditors

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

SG International Holdings Limited

Strategic report For the year ended 30 June 2022

The directors present their Strategic Report for the year ended 30 June 2022 for SG International Holdings Limited ("the Company") and its subsidiaries ("the Group").

Principal activities

The principal activity in which the Company is engaged is the holding of investments. Its subsidiaries are involved in the provision of time-critical delivery services across Europe (Supply Chain Europe) and suppliers of cars and vans and aftersales care to private motorists and businesses (Dealerships UK).

Review of the business

Total shareholders' funds at 30 June 2022 for the Group were £109,347,000 (2021: £85,892,000) and for the Company were £47,363,000 (2021: £20,134,000). The directors consider the position of the Company at the end of the year to be satisfactory.

Supply Chain Europe

Activities

SG inTime Holdings GmbH (inTime) is a logistics company headquartered in Germany. inTime has 12 (2021: 13) operating branches across Germany, Sweden, Hungary, Romania, Spain, the Czech Republic, Poland and the UK. Considered an industry leader in the niche logistics sector of time-critical delivery services, the business serves customers spanning the automotive, electronics, hazardous goods, life sciences and engineering industries in 45 European countries. inTime's proprietary dispatching software and time-independent cargo network provide competitive edge in the form of flexible, secure and efficient logistics and courier solutions.

As at 30 June 2022 the Company has an 80.0% equity interest in inTime, who holds a 93.3% interest in Grupader S.A., a Spanish courier and express transport operator. Ader has 19 (2021: 19) offices throughout Spain and specialises in the provision of dedicated and exclusive transport and logistics solutions.

inTime also holds an 80.0% interest in TLT, a Fifth Party Logistics provider focusing on organisational consulting and support, material flow planning, logistics and production.

During the year inTime purchased a 51.0% and a 81.0% interest in LiBCycle GbmH and Supply Change Sociedad Limitadada respectively.

Results for 2022

Supply Chain Europe's results were impacted by the protracted semiconductor shortage and the war in the Ukraine. Vehicle production decreased with passenger car registrations in the European Union at the lowest levels since 1996. Revenue increased by 5.5%. Operating profit before capital items decreased by 20.0%. inTime's transport volumes declined by 14.4% with average revenue per transport increasing by 23.1%.

Ader's total revenue increased by 5.2% for the year, with lower home delivery volumes offset by strong increases in commercial and industrial volumes.

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Review of the business (continued)

Dealerships UK

Activities

Allen Motor Group comprises 36 (2021: 29) franchised motor dealerships in key franchise and retail locations across the UK. It operates the second largest independently owned Ford franchise network in the UK, with 22 (2021: 22) franchised Ford motor dealerships, 9 Ford Transit Centres (June 2021: 9), 4 (2021: 5) franchised Kia dealerships, 1 Mazda franchised dealerships (2021: 1) and 9 Ford Parts Plus Wholesale Agencies.

This includes Ford dealerships in Coventry, Rugby, Nuneaton and Warwick and a Kia dealership in Solihull in the Midlands. In Northampton County, Allen Motor Group has four Ford dealerships in Northampton, Daventry, Kettering and Bedford Road, with the latter being a commercial vehicle dealer. In Essex County, Allen Motor Group has seven Ford dealerships, three Kia dealerships and one Mazda dealership. One of the Ford dealerships, situated in Basildon, is regarded as the largest flagship Ford Store in the UK and is immediately adjacent to the Ford UK Technical Centre where we also operate a pop-up store to serve the significant Ford employee market.

In the Wiltshire County, Allen Motor Group has a Ford dealership in Swindon and both a Ford and Kia dealership in Bath. The final county of representation is Kent, where Allen Motor Group operates dealerships in Crayford, Gravesend and Sittingbourne.

As one of the UK's leading Ford dealership groups, Allen Motor Group has substantial leverage, enabling it to stock large volumes of new and used passenger and light commercial vehicles (vans), which in turn gives the Group a competitive advantage in the high-volume new vehicle market. The Group is also a Motability Premier Partner, which is the leading car scheme in the UK for disabled people, enabling them to use their UK Government-funded mobility allowance to lease a new car. Moreover, it is one of the UK's largest Privilege dealers, selling a high volume of cars at preferential prices to Ford, Jaguar, Land Rover and Aston Martin employees and their families.

Results for 2022

Dealerships UK performed well, achieving a 270% increase in profit before tax despite the severe impact of the global semiconductor shortage on new vehicle stock. Ford UK's total new vehicle year-on-year sales declined 39%, again reflecting the significant impact of the semiconductor-related shortage. Kia UK's total new vehicle sales were up 18%, with the South Korean OEM less impacted by the semiconductor shortage than its European counterparts.

New vehicle sales volumes declined by 19.0% as a direct result of the shortage of new vehicle stock, while used vehicle sales volumes declined by 16.1%. Both indicators were largely mitigated by strong margins and higher average retail prices. Commercial vehicle sales were strong throughout the year due to the higher availability of inventory and robust demand. The overall operating profit margin strengthened from 2.0% to 5.9% due to strong new and used vehicle gross profit contributions. Net finance costs were 31.3% lower as a result of lower new and used inventory levels and good cash flow management.

During the financial year the Allen Ford utilised the Coronavirus Job Retention Scheme (CJRS) for staff who were Furloughed, totaling £129,000 (2021: £2,900,000). Allen Ford has also benefitted from the Rates holiday given to retail businesses. No other government support has been required or utilised.

Allen Ford outperformed the Ford UK passenger vehicle sales by 25% within its territories and matched the growth in LCVs of 3%.

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Review of the business (continued)

Supply Chain Europe - Risks and Opportunities

The risks identified are as follows:

Material risks	Management of these risks
<ul style="list-style-type: none">• Global semi-conductor shortage	<ul style="list-style-type: none">• Diversification of industry exposure and customer base
<ul style="list-style-type: none">• Shortage of subcontractor drivers	<ul style="list-style-type: none">• Initiatives to recruit more subcontractor drivers from Eastern Europe
<ul style="list-style-type: none">• Rising diesel price	<ul style="list-style-type: none">• Diesel price sliding clauses with main customers and increase of customer prices, where possible.

The opportunities identified by Supply Chain Europe are as follows:

- Diversify the customer base as economies recover to pre-Covid levels.
- Expansion of time-critical delivery and courier service businesses into Southern and Eastern Europe.
- Continued exploration of acquisition-based growth opportunities in the logistics sector.

Dealerships UK - Risks and Opportunities

The risks identified are as follows:

Material risks	Management of these risks
Property Dilapidations: The onerous nature of UK leases with regard to the dilapidation process and cost at the end of a lease is an area of concern and of potential unbudgeted cost to the business	<ul style="list-style-type: none">• Undertake detailed initial assessment of lease properties on commencement• Ensure strict record keeping of alterations and maintenance• Appropriate provisions are held on the Balance Sheet to counter the likely risks
Global shortage of semi-conductors	<ul style="list-style-type: none">• Working closely with brand partners to mitigate risks• Reducing discounts where appropriate to ensure margins are optimised
Pressure on consumer spending resulting from high inflation and rising interest rates	<ul style="list-style-type: none">• Focus on high margin retention and gaining cost efficiency via online channel.• The business continues to monitor headcount in relation to customer demand

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Review of the business (continued)

The opportunities identified by Dealerships UK are as follows:

- Leverage Ford's market leading position and the Group's flagship locations to drive new vehicles sales.
- Grow the Kia franchise.
- Leverage the Group's geographic footprint and scale to drive growth in the fleet and commercial sectors.
- Availability of properties in the UK is limited and relocation at the end of a lease is often challenging and costly. Significant cost and certainty of tenure advantages can be derived through the ownership of strategic properties, which also mitigates an extremely landlord biased environment.
- A growing ageing vehicle car parc - with customers keeping their vehicles for longer periods - is expected to result in a greater opportunity for vehicle servicing, repairs and parts sales.
- Enhance digital capabilities to augment the sales pipeline and build brand equity.

Outlook for 2023

Supply Chain Europe

German automotive manufacturing volumes should begin normalising as the semiconductor crisis abates. This improving supply, together with the rationalised branch network and cost reductions implemented, place the European businesses in a good position for reasonable improvement in financial performance in FY2023. The diversification of inTime's customer base to mitigate the automotive industry dependency remains paramount. Improved flexibility and enhanced electronic trading solutions are likewise a significant focus in the months ahead. inTime has been vigorously rightsized to current demand levels and is well positioned to grow in the area of time-critical delivery despite Germany's current economic environment.

Dealerships UK

The UK dealerships are expecting a steady improvement in new vehicle volumes as German production levels improve. This improved availability and strong commercial vehicle sales, together with robust margins and higher average retail prices, should position the business for a solid performance in the year ahead.

Key performance indicators (KPIs)

The directors manage the Company's operations on a divisional basis which consists of Supply Chain Europe and Dealerships UK.

The performance of the Group is set out in the financial statements that accompany this report. In summary:

Key performance indicators (KPIs)

	2022	2021
	£000	£000
Revenue	664,010	665,596
Gross profit	115,083	112,456
Operating profit	32,015	14,618
Profit before income tax	25,865	6,941

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies House Act 2006

The directors are aware of their duty under section 172(1)(a) to (f) of the Companies House Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The interests of the Group's employees;
- The need to foster the Group's relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment; and
- The desirability of the Group maintaining a reputation for high standards of business conduct.

The Board is responsible for the control and oversight of the Group's affairs, for setting strategic priorities, supporting stakeholder engagement including communication with the Group's ultimate parent company, Super Group Limited, which is registered in the Republic of South Africa.

Employees

Engagement with employees is critical to the success of the Group. The Group engages employees through the following media:

- Communication from Group CEO
- In-house publications
- One-on-one meetings
- Team meetings
- Safety and environment meetings
- Conferences
- Employee achievement and service awards
- Intranet
- Fraud hotline (be heard)
- Functions

The directors believe that economically viable and self-sustaining employment equity is an essential and integral part of corporate governance within the business units. Management of the business units has initiated a variety of employment equity programs. Individual development, equality and performance-based advancement are the cornerstones of the Group's approach to bring and maintain a balanced and highly skilled workforce. The Group also promotes gender equality which incorporates acceptance of equal and inalienable rights of women and men. It involves working with both to ensure equitable behaviors are practiced at home and in the workplace. Genuine equality cannot be measured by parity in numbers, but rather by improving overall quality of life so that equality is achieved without sacrificing gains for males or females.

Suppliers, Customers and others

The Group is committed to delivering an outstanding experience for all of its customers and other stakeholders and looks to enhance its reputation of excellence in all areas of interactions. Dealerships UK continues to build relationships with other firms in the industry, benefiting the stakeholders of the Group, including customers and the Motability charity. Supply Chain Europe prides itself on the concept of "Agile Logistics" in order to offer customers a high level of flexibility and security.

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies House Act 2006 (continued)

Suppliers, Customers and others (continued)

Customers and clients are important stakeholders for the success of the Group. The Group has customers and clients who range from large corporations and Government departments to individual customers. The Group engages with these stakeholders on various levels, including the following:

- Regular one-on-one meetings at customer's site
- Customer service meetings
- Customer feedback surveys
- Processes to respond to complaints in line with the business units' Consumer Protection legislations
- Appropriate customer entertainment and functions

Suppliers are important stakeholders as they are the providers of services, equipment and facilities that are required by the Group to service its customers. Group engagement with these stakeholders vary and include elements of the following:

- Attendance at dealer conferences
- Attendance at product launches
- Regular one-on-one meetings with key suppliers
- Attendance at technical conferences held by suppliers where appropriate

Community and Environment

The community is a key stakeholder seeing that both the Group and the employees are directly impacted by the communities in which the Group operates and employees live in. The Group's engagement with the communities includes contributions towards initiatives in respect of fundraising, donations and services within various communities.

Supply Chain Europe made the following donations during the 2022 financial year:

- a €15 000 donation to a charitable society that supports the children of Chernobyl.
- €81 000 donation to Justdiggit, a charitable organization whose mission is to regreen Africa.

Dealerships UK participated in the following activities:

- Community Van – Food Delivery for the Trussel Food Bank
- SNAP Childrens Charity – sponsorship of prize – win a KIA EV6 for the weekend
- Official Supplier to the Lord's Taverners Charity. The Lord's Taverners is the official charity for recreational cricket and the UK's leading youth cricket and disability sports charity. Its charitable objective is to 'give young people a sporting chance'
- Platinum Club sponsor for the Essex Cricket Graham Gooch Cricket Centre Refurbishment for the benefit of Youth Cricket, Disability Cricket and the Essex Cricket Foundation and sponsorship for the ability team
- Mini Match Play Sponsorship at Essex Cricket – beneficiaries Essex based school cricket teams
- 18th Hole Golf Event Charity Sponsorship – Prostate Cancer UK
- Old Brentwoods Rugby Football Club – sponsorship
- Daventry Rugby Football Club – sponsorship
- Vouchers for valets given to local scout groups and schools as raffle prizes

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies House Act 2006 (continued)

Community and Environment (continued)

- Platinum sponsor of British Bobsleigh and Skeleton Association
- Environmental Week Presentation at University of Northampton
- Electric Vehicle Roadshow at Brentwood Council and University of Northampton
- Hill Holt Wood Supply of Tourneo PHEV – The Hill Holt Programme (Nature Based Therapeutic Service for Community Wellbeing)
- Staff led charitable activities – donation of £50 per beneficiary
- Santa Sleigh – Signwritten vehicles loaned to loan charities in Billericay Brentwood and Romford (Brighter Opportunities, Basildon Borough Citizens Advice, Billericay Youth Town Council Urban Games, Luke's Counselling Service for Children and Young People, Neighbourhood Watch Scheme and Hamelin House)
- Christmas Jumper Day – Save the children
- Posters supporting NHS Carers and Key Workers during Covid-19 pandemic
- Supported the Look Good Feel Better, The Thames Hospice, Windsor Lions Club and Tusk's having supplied a van to help run The Lions of Windsor and Maidenhead Charity Club's 2019 public art event.

Throughout the Group, the recycling of paper, plastic and glass is encouraged and the necessary recycling bins are placed in various locations.

The Dealerships Division places significant emphasis on the recycling of used oil and parts, as well as ensuring that the environment is not impacted by the run-off of polluted water.

The Group continues to roll out recycling initiatives to all of its locations and continues to encourage additional recycling initiatives.

The desirability of the Group maintaining a reputation for high standards of business conduct

The Group is committed to high standards of honesty, integrity, behaviour and ethics in dealing with all stakeholders. All directors and employees of the Group are encouraged to subscribe to the ultimate holding company's Code of Ethics and Business Conduct, which requires them to maintain high personal ethical standards and to act in good faith and in the best interests of the Group. The Code also addresses conflicts of interest, particularly relating to directors and management. This ensures that the Group's business practices are conducted in an equitable manner. Employees are surveyed annually to ensure they are both aware of and understand the Group's Code of Ethics and Business Conduct.

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Statement on compliance with SECR

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions. The below information relates to the Allen Ford Motor Group only.

	July 21 – June 22	July 20 – June 21	% Difference
Total energy use covering combustion of gas (kWh)	4,273,279	3,100,385	37.8%
Total energy use covering purchased electricity (kWh)	5,336,654	3,689,160	44.7%
Total energy use covering other fuels (kWh)	404,891	52,017	678.4%
Total energy use covering business travel (kWh)	7,893,954	6,856,901	15.1%
Total energy use covering electricity, gas, other fuels, and transport (kWh)	17,908,778	13,698,463	30.7%
Total emissions generated through combustion of gas (tCO ₂ e)	917	568	61.4%
Total emissions generated through use of purchased electricity (tCO ₂ e)	1,555	783	98.6%
Total emissions generated through use of other fuels (tCO ₂ e)	104	12	766.7%
Total emissions generated through business travel (tCO ₂ e)	2,477	1,821	36.0%
Total gross emissions (tCO ₂ e)	5,052	3,184	58.7%
Intensity ratio - total gross emissions (kgCO ₂ per sqft)	8.82	5.79	52.3%

SG International Holdings Limited

Strategic report (continued) For the year ended 30 June 2022

Statement on compliance with SECR (continued)

Energy efficiency actions

We are committed to responsible carbon management and will practice energy efficiency throughout our organisation, wherever it's cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. We have implemented the policies below for the purpose of increasing the businesses energy efficiency in the relevant financial year.

- On-going lightbulb replacement program.
 - Approximately 390,000 kWh saved through upgrading to more efficient light bulbs.
- Moved to remote home working due to Covid. Will review when situation permits.
- Implemented and encouraged use of video conferencing.
- Travel reduced due to new hybrid workers.
- Moving to hybrid and electric fleet vehicles. Currently 42% of company vehicles are either full electric or hybrid.

Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency, 21.01.21) used in conjunction with Government GHG reporting conversion factors.

For carbon only related matters, the SECR methodology as specified in "Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting" was used in conjunction with Government GHG reporting conversion factors.

On behalf of the Board



C A Brown
Director

Date: 16 / 01 / 2023

SG International Holdings Limited

Directors' Report For the year ended 30 June 2022

The directors present their Annual Report and the audited financial statements of SG International Holdings Limited (the Company) and its subsidiaries (the Group) for the year ended 30 June 2022.

The Company is a private company limited by shares and is incorporated and domiciled in the UK.

Directors and secretary

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

C A Brown
A G Chambers
P W Mountford
P M Wood

The secretary of the Company is Higgs Secretarial Limited.

Qualifying third-party indemnity provisions

The Company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

Nature of business

The Company operates as a holding company of a group of companies involved in providing time-critical delivery services across Europe and car dealerships in the UK.

Results and dividends

The results of the Group including the Company and the state of its affairs are set out in the Strategic Report on pages 2 to 10.

The Company received an interim dividend of £27,549,755 during the year (2021: £Nil). The directors do not recommend the payment of a dividend (2021: £Nil).

Holding company

The Company's holding company is Bluefin Investments Limited, which is registered in Mauritius and which owns 100.0% of the Company's ordinary shares. The Company's ultimate holding company is Super Group Limited, which is registered in the Republic of South Africa.

Financial risk management

The Financial risk management of the Group is detailed in note 33 of the financial statements.

Future developments

The directors are confident that the business is well positioned to take advantage of any expansion opportunities, either through organic growth or by way of acquisition.

SG International Holdings Limited

Directors' report (continued) For the year ended 30 June 2022

Employee involvement

The Company maintains policies aimed at informing employees of, and involving them in, matters relating to the Company's activities and performance, as appropriate to their employment.

Disabled employees

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, color, disability or marital status. The Company gives full and 'fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Going concern

The Group maintained a healthy cash balance and net asset position.

The Group meets its working capital requirements, and services its funding arrangements, from cash flows generated from operations. After consideration of the forecasts and the range of support available, the directors have a reasonable expectation that the Group will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis.

SG International Holdings Limited

Directors' report (continued) For the year ended 30 June 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent company financial statements; subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent company's auditors are aware of that information.

SG International Holdings Limited

Directors' report (continued) For the year ended 30 June 2022

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

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



C A Brown

Director

Date: 16 / 01 / 2023

SG International Holdings Limited

Independent auditors' report to the members of SG International Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- SG International Holdings Limited's Group financial statements and parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 30 June 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 Group's and the parent 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the parent Company's ability to continue as a going concern.

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

SG International Holdings Limited

Independent auditors' report to the members of SG International Holdings Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

SG International Holdings Limited

Independent auditors' report to the members of SG International Holdings Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management and consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions made by management in their accounting estimates, for example in relation to accruals and provisions and the recoverable value of goodwill; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and journal entries with specific defined descriptions.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SG International Holdings Limited

Independent auditors' report to the members of SG International Holdings Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 18 January 2023

SG International Holdings Limited

Consolidated Statement of Comprehensive Income For the year ended 30 June 2022

	Note	2022 £000	2021 £000
Revenue	4	664,010	665,596
Cost of sales		(548,927)	(553,140)
Gross profit		115,083	112,456
Administrative expenses		(104,564)	(94,810)
Other operating income	5	36,382	14,919
Earnings before interest, tax, impairment, depreciation and amortisation EBITDA*		46,901	32,565
Depreciation and amortisation		(14,269)	(17,947)
Impairment		(617)	-
Operating profit	6	32,015	14,618
Finance income	10	396	604
Finance costs	11	(6,546)	(8,281)
Profit before income tax		25,865	6,941
Tax on profit	12	(5,951)	(1,444)
Profit for the financial year		19,914	5,497

All results relate to continuing operations.

*EBITDA refers to Earnings Before Interest, foreign exchange gains, Tax, Depreciation and Amortisation, impairment.

SG International Holdings Limited

Consolidated Statement of Comprehensive Income (continued) For the year ended 30 June 2022

	2022 £000	2021 £000
Other comprehensive income/(expense)		
<i>Items which will be reclassified to profit and loss:</i>		
Foreign operation translation adjustment	(88)	(1,459)
Revaluation of land and buildings	4,815	-
Tax relating to property revaluation	(1,231)	-
Other comprehensive income/(expense) for the financial year, net of tax	3,496	(1,459)
Total comprehensive income for the financial year	23,410	4,038
 Profit for the financial year attributable to:		
Non-controlling interest	(406)	145
Equity holders of SG International Holdings Limited	20,320	5,352
	19,914	5,497
 Total comprehensive income for the financial year attributable to:		
Non-controlling interest	(405)	(218)
Equity holders of SG International Holdings Limited	23,815	4,256
	23,410	4,038

The notes on pages 29 to 88 are an integral part of these financial statements.

SG International Holdings Limited

Consolidated Statement of Financial Position As at 30 June 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	13	17,551	20,143
Goodwill	14	114,998	114,684
Property, plant and equipment	15	68,434	62,018
Right of use (ROU) assets	16	49,676	56,743
Deferred tax assets	17	1,189	1,452
Other non-current assets	19	5,395	8,766
		<u>257,243</u>	<u>263,806</u>
Current assets			
Inventories	20	82,001	77,363
Trade and other receivables	21	52,620	42,393
Tax receivable		-	531
Loans to fellow subsidiaries	22	4	4
Cash and cash equivalents	23	51,890	38,618
		<u>186,515</u>	<u>158,909</u>
Total assets		<u><u>443,758</u></u>	<u><u>422,715</u></u>
Equity attributable to owners of the parent			
Share capital	29	36,097	36,097
Share premium	29	34,941	34,941
Retained earnings	29	20,530	210
Other reserves	29	12,848	9,353
Non-controlling interest	30	4,931	5,291
Total equity		<u>109,347</u>	<u>85,892</u>
Non-current liabilities			
Interest-bearing borrowings	24	8,811	12,278
Non-controlling interest put option	25	-	-
Loans from ultimate holding company and fellow subsidiaries	27	87,597	91,842
ROU lease liabilities	16	53,386	60,734
Provisions	28	4,162	3,936
Deferred tax liabilities	17	4,738	4,904
		<u>158,694</u>	<u>173,694</u>

SG International Holdings Limited

Consolidated Statement of Financial Position (continued) As at 30 June 2022

	Note	2022 £000	2021 £000
Current liabilities			
Interest-bearing borrowings	24	3,469	3,601
Loans from ultimate holding company and fellow subsidiaries	27	7,536	9,236
Trade and other payables	26	151,493	139,036
ROU lease liabilities	16	8,232	8,990
Provisions	28	1,844	2,266
Tax payable		3,143	-
		<u>175,717</u>	<u>163,129</u>
Total liabilities		<u>334,411</u>	<u>336,823</u>
Total equity and liabilities		<u>443,758</u>	<u>422,715</u>

The financial statements on pages 19 to 88 were approved by the Board of Directors and signed on its behalf by:



C A Brown
Director

Date 16 / 01 / 2023

The notes on pages 29 to 88 are an integral part of these financial statements.

SG International Holdings Limited

Parent Company Statement of Financial Position As at 30 June 2022

Company registered number: 09670387

	Note	2022 £000	2021 £000
Non-current assets			
Property plant and equipment	15	-	-
Investments in subsidiaries	18	37,325	37,325
		<u>37,325</u>	<u>37,325</u>
Current assets			
Trade and other receivables	21	-	1
Loans to fellow subsidiaries	22	1,714	517
Cash and cash equivalents	23	11,479	606
		<u>13,193</u>	<u>1,124</u>
Total assets		<u>50,518</u>	<u>38,449</u>
Equity attributable to owners of the parent			
Share capital	29	36,097	36,097
Share premium	29	34,941	34,941
Accumulated losses	29	(23,675)	(50,904)
Total equity		<u>47,363</u>	<u>20,134</u>
Non-current liabilities			
Loans from ultimate holding company and fellow subsidiaries	27	1,338	3,104
		<u>1,338</u>	<u>3,104</u>
Current liabilities			
Provisions	28	50	53
Loans from ultimate holding company and fellow subsidiaries	27	1,767	15,158
		<u>1,817</u>	<u>15,211</u>
Total liabilities		<u>3,155</u>	<u>18,315</u>
Total equity and liabilities		<u>50,518</u>	<u>38,449</u>

SG International Holdings Limited

Parent Company Statement of Financial Position (continued) As at 30 June 2022

Company registered number: 09670387

As permitted by S408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's profit for the year was £27,229,000 (2021: loss of £229,000).

The financial statements on pages 19 to 88 were approved by the Board of Directors and signed on its behalf by:



C A Brown

Director

Date 16 / 01 / 2023

The notes on pages 29 to 88 are an integral part of these financial statements.

SG International Holdings Limited

Consolidated Statement of Changes in Equity For the year ended 30 June 2022

	Share capital £000	Share premium £000	Other reserves £000	(Accumul- ated losses)/ retained earnings £000	Total £000	Non- controlling interest £000	Total equity £000
At 1 July 2020	36,097	34,941	10,412	(6,412)	75,038	7,291	82,329
<i>Comprehensive income/(expense):</i>							
Profit for the financial year	-	-	-	5,352	5,352	145	5,497
Foreign exchange translation	-	-	(1,096)	-	(1,096)	(363)	(1,459)
Transfer between reserves	-	-	37	(37)	-	-	-
Total comprehensive income/(expense) for the financial year	-	-	(1,059)	5,315	4,256	(218)	4,038
<i>Transactions with owners:</i>							
Non-controlling interest in respect of subsidiaries acquired							
-Increase in shareholding	-	-	-	1,256	1,256	(1,256)	-
-decrease in shareholding	-	-	-	51	51	(526)	(475)
Total transactions with shareholders	-	-	-	1,307	1,307	(1,782)	(475)
At 30 June 2021	36,097	34,941	9,353	210	80,601	5,291	85,892

SG International Holdings Limited

Consolidated Statement of Changes in Equity (continued) For the year ended 30 June 2022

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total £000	Non- controlling interest £000	Total equity £000
At 1 July 2021	36,097	34,941	9,353	210	80,601	5,291	85,892
<i>Comprehensive income/(expense):</i>							
Profit/(loss) for the financial year	-	-	-	20,320	20,320	(406)	19,914
Revaluation of land and buildings	-	-	4,815	-	4,815	-	4,815
Tax relating to property revaluation	-	-	(1,231)	-	(1,231)	-	(1,231)
Foreign operation translation adjustment	-	-	(89)	-	(89)	1	(88)
Total comprehensive income/(expense) for the financial year	-	-	3,495	20,320	23,815	(405)	23,410
<i>Transactions with owners:</i>							
Non-controlling interest in respect of subsidiaries acquired							
-subsidiary acquired (SupplyChange)	-	-	-	-	-	6	6
-subsidiary acquired (LibCycle)	-	-	-	-	-	149	149
Dividend paid to non-controlling interests	-	-	-	-	-	(110)	(110)
Total transactions with shareholders	-	-	-	-	-	45	45
At 30 June 2022	36,097	34,941	12,848	20,530	104,416	4,931	109,347

The notes on pages 29 to 88 are an integral part of these financial statements.

SG International Holdings Limited

Parent Company Statement of Changes in Equity For the year ended 30 June 2022

	Share capital £000	Share premium £000	Accumulated losses £000	Total equity £000
At 1 July 2020	36,097	34,941	(50,675)	20,363
<i>Comprehensive expense:</i>				
Loss for the financial year	-	-	(229)	(229)
Total comprehensive expense for the financial year	-	-	(229)	(229)
At 30 June 2021	36,097	34,941	(50,904)	20,134
<i>Comprehensive income:</i>				
Profit for the financial year	-	-	27,229	27,229
Total comprehensive income for the financial year	-	-	27,229	27,229
At 30 June 2022	36,097	34,941	(23,675)	47,363

The notes on pages 29 to 88 are an integral part of these financial statements.

SG International Holdings Limited

Consolidated Statement of Cash Flows For the year ended 30 June 2022

	Note	2022 £000	2021 £000
Cash flows from operations			
Cash generated from operating activities	31	44,349	31,275
Income tax paid		(3,409)	(1,826)
Net cash generated from operations		<u>40,940</u>	<u>29,449</u>
Cash flows from investing activities			
Loans received		3,447	-
Finance income		396	604
Purchase of property, plant and equipment		(5,425)	(5,425)
Purchase of intangible assets		(165)	(293)
Proceeds on disposal of property, plant and equipment		181	156
Sub-lease receivable received		-	1,049
Subsidiary acquired		(27)	(1,856)
Net cash used in investing activities		<u>(1,593)</u>	<u>(5,765)</u>
Cash flows from financing activities			
Interest bearing loan repaid		(3,450)	(9,673)
Loans from fellow subsidiaries (repaid)/received		(6,247)	6,068
ROU lease liabilities repaid		(9,624)	(9,658)
Finance costs		(6,546)	(8,281)
Dividend paid		(166)	-
Net cash used in financing activities		<u>(26,033)</u>	<u>(21,544)</u>
Net increase in cash and cash equivalents		<u>13,314</u>	<u>2,140</u>
Cash and cash equivalents at the beginning of financial year		38,618	37,579
Effect of exchange rate fluctuations		(42)	(1,101)
Cash and cash equivalents at the end of financial year		<u>51,890</u>	<u>38,618</u>

The notes on pages 29 to 88 are an integral part of these financial statements.

SG International Holdings Limited

Notes to the Financial Statements For the year ended 30 June 2022

1. General information

SG International Holdings Limited (the "Company") is a private limited company incorporated and domiciled in England, United Kingdom. Its registered office and principal place of business is Allen Ford, Tachbrook Park Drive, Warwick, CV34 6SY.

The principal activities of SG International Holdings Limited and its subsidiaries include vehicle dealerships and operations in the niche logistics sector of time-critical delivery services ("TDS"). Countries of operation include the UK, Germany, Sweden, Hungary, Romania, the Czech Republic, Poland and Spain.

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the year presented, unless otherwise stated. The accounting policies are relevant to both the Group and the Company.

2.1 Basis of Preparation

The Group's consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except in the case of some freehold land which is measured at fair value through profit and loss under the revaluation model, and in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

The Company's individual financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

Basis of measurement

The financial statements of the Group and Company have been prepared on the historical cost basis, except for:

- Land and buildings measured using the revaluation model;
- financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss; and
- financial assets and financial liabilities designated as hedging instruments measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, judgements and assumptions that affect reported amounts. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.1 Basis of Preparation (continued)

Disclosure exemptions - Parent company individual financial statements

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (Statement of Cash Flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-40D (prior year restatements)
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7 'Statement of Cash Flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'; and
- Paragraph 17 and 18A of IAS 24 'Related party disclosures'.

2.2 Going concern

The directors are required to consider the appropriateness of the going concern basis when preparing the financial statements.

The Group maintained a healthy cash balance and net asset position.

The Group meets its working capital requirements, and services its funding arrangements, from cash flows generated from operations. The Group has prepared cash flow forecasts with reference to available facilities, including consideration of plausible downside sensitivity. The Group has various funding arrangements in place. The Dealerships UK business has external banking facilities which were revised during the year with an extension of the term to 2024. The banking arrangement has covenant requirements which are forecast to be achieved. The Supply Chain Europe business has intercompany funding arrangements. The parent company cleared its external banking facilities during the year and has intercompany funding arrangements (For more details see note 27).

After consideration of the forecasts and the range of support available, the directors have a reasonable expectation that the Group will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.3 Changes in accounting policies and disclosures

The Group has applied the following standards and amendments for the first time in their annual reporting year commencing 1 July 2021:

- Adoption of UK - IFRS for the preparation of financial statements; and
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current period.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These include:

Effective for the financial year commencing 1 July 2022:

- Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9 and IFRS 16 amendments);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Reference to the Conceptual Framework (Amendments to IFRS 3).

Effective for the financial year commencing 1 July 2023:

- IFRS 17 – Insurance Contracts;
- Amendments to IAS12 – Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IFRS 17 – Insurance Contracts;
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Disclosure initiative: accounting policies (IAS 1 and IFRS Practice Statement 2 amendment).

Effective for the financial year commencing 1 July 2024:

- Classification of liabilities as current or non-current (Amendments to IAS1).

Effective at the option of the entity (effective date has been deferred indefinitely):

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

All Standards and Interpretations will be adopted at their effective date except for the Standards and Interpretations in IFRS 17 that are not applicable to the Group.

The Board's initial view on the other standards not yet effective is that the impact is not expected to be material.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.4 Basis of consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested for impairment annually. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Both CHA 2005 Limited and Charles H Allen Limited, which are dormant entities, have been excluded from the consolidation by virtue of s394A of the Companies Act 2006. These entities are also exempt from filing individual financial statements with the registrar by virtue of s448A of the Companies Act 2006.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiary companies are stated at cost less accumulated impairment losses in the Company's separate financial statements.

Non-controlling interest at the acquisition date is determined as the non-controlling shareholder's proportionate share of the fair value of the net assets of subsidiaries acquired. Goodwill is excluded when allocating the non-controlling shareholders proportionate share of the fair value of assets and liabilities acquired. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes these interests to have a deficit balance.

Changes in holdings while control is retained are accounted for as equity transactions. Any premium or discount on purchase or sale is recognized directly in equity. No adjustment is made to goodwill.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains and losses between Group entities are eliminated on consolidation.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.4 Basis of consolidation (continued)

Goodwill

Goodwill on acquisition is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The acquisition method of accounting is used to account for the acquisition of business.

The consideration transferred is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date irrespective of the extent of any non-controlling interest. Any excess of the consideration transferred over the at acquisition date fair values of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred is less than the fair value at acquisition date of the Group's share of the net assets of the subsidiary acquired (i.e. discount on acquisition), the difference is recognised directly in profit or loss.

At acquisition date fair values of the identifiable assets and liabilities are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows to present values using a market-related discount rate.

Goodwill arising on a business combination is allocated among the Group's CGUs that are expected to benefit from synergies as a result of the business combination. This allocation is based on management's assessment of the synergies gained and is not dependent on the location of the acquired assets.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated, are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Transaction costs

Costs related to acquisitions, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

2.5 Revenue

Revenue is recognised net of indirect taxes, rebates and trade discounts and represents the fair value of amounts receivable in respect of the sale of products and services rendered. Where group companies act as agents and are remunerated on a commission or fee basis, only the commission and fee income, not the value of business handled, are recognised as revenue.

Revenue is recognized when or as the entity satisfies the performance obligations by transferring promised goods or services to a customer (i.e. an asset). An asset is transferred when the customer obtains control of the asset.

Revenue is measured at the fair value of the consideration received or receivable and is based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.5 Revenue (continued)

The Group provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations and additional disclosures in respect of revenue. The Group applies the five-step process to identify revenue, namely:

- identify the contract(s) with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to each of the performance obligations in the contract; and
- recognise the revenue when the entity satisfies the performance obligations.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as a contract liability.

Where two or more performance obligations exist for a contract, a relative stand-alone selling price is allocated to each obligation. Where the contract provides for an end to end solution, the contract is considered as an integrated set of obligations and accounted for as a single obligation.

Payments by customers are typically made within 30 - 60 days of revenue being recognised. Where payments are deferred for a period beyond 12 months after revenue being recognised, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

The main sources of revenue and how they are recognised is as follows:

Revenue from Dealerships

Sale of vehicles and parts

The Group sells passenger and commercial vehicles including parts to customers. Revenue is recognised at the point in time when the goods are delivered or accepted by the customer.

Servicing of vehicles

The Group enters into contracts to provide servicing on vehicles. Revenue is recognised at the point in time when the vehicle is ready for collection. Due to the nature of this business a typical service is completed the same day.

Revenue from Supply Chain Services

Time critical delivery and courier services

The Group performs time critical delivery and courier services in Europe. Due to the nature of the business the collection and delivery of the customer products are performed in a short period of time. Revenue is recognised at the point in time when offloading the goods.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.6 Grant income

Grants and other amounts receivable from government are recognised in administrative expenses. Such amounts receivable as compensation for expenses already incurred are recognised when they become receivable.

2.7 Operating profit

Operating profit comprises profit before net finance costs, income from investments and income tax expense.

2.8 Net interest

Net interest is calculated as finance cost after deducting interest received.

2.9 Property, plant and equipment

Property, plant and equipment, excluding land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Freehold properties are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. The most recent valuations occurred in 2022.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance expenditures are charged to profit or loss during the financial year in which they are incurred.

The depreciable amount of the asset is recognised in profit or loss on a straight-line basis. The current estimated useful lives are as follows:

Buildings	20 to 50 years
Leasehold improvements	5 to 6 years
Rental and transport fleet	4 to 10 years
Furniture and fittings	6 years
Computer equipment	3 to 5 years
Plant and workshop equipment	4 to 7 years

Depreciation of an asset commences when it is available for use and is in the location and condition necessary for it to be capable of operating in the manner intended by management. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Fair value of land and buildings is determined by reference to market-based evidence. This is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at measurement date.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.9 Property, plant and equipment (continued)

Any revaluation surplus is recognized in other comprehensive income and presented as other reserves. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve. Additionally, accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any remaining revaluation reserve relating to the particular asset being sold is transferred to distributable reserves. The revaluation surplus is transferred to retained earnings annually, based on the remaining useful life of the asset.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Gains or losses on the disposal of property, plant and equipment are included in the profit or loss and are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

2.10 Leases

Lease classification

As a lessee, the Group leases many assets including property, plant and equipment. The Group recognises right-of-use assets and lease liabilities for most of these leases. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Right-of-use assets are measured at cost which includes an amount equal to the lease liability, adjusted by lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period. The Group applied this approach to all leases.

All leases are recognized on the statement of financial position except for low-value leases (including certain IT equipment) or short-term leases, where the Group has elected not to recognize right-of-use assets and lease liabilities. The Group recognizes these lease payments as an expense on a straight line basis over the lease term.

Right-of-use assets are subsequently depreciated using the straight line method from the commencement date to the end of the lease term. In addition, right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.10 Leases (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased. The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments);
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Payments expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise.

The lease liabilities are measured at amortised cost using the effective interest method. A lease liability is remeasured when the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised variable lease payment. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, or is recorded in profit or loss if the carrying value of the right-of-use asset has been reduced to zero.

Payments in respect of short term and / or low value leases continue to be charged to the income statement on a straight-line basis over the term of the lease, income received from sub leasing has been reported in other income. Break clauses have been utilised by the Company in calculating the value of the right of use asset where applicable.

2.11 Intangible assets

Internally generated

No value is attributed to internally generated trademarks or similar rights and assets. Costs incurred on these items are charged to profit or loss in the year in which they are incurred.

Acquired both separately and as part of a business combination

Intangible assets acquired separately are measured initially at cost and those acquired through a business combination at acquisition date fair value. Cost includes the fair value of the consideration transferred to acquire the asset. Intangible assets are carried at cost (or fair value at acquisition) less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are amortised unless they have an indefinite useful life.

Amortisation is recognised in profit or loss on a straight-line basis over the current expected useful life of the intangible asset.

An intangible asset has an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Indefinite useful life intangible assets are tested for impairment annually. The impairment is tested using an 'umbrella' trade name and calculated using the Relief from Royalty method by applying a percentage to the net sales and an applied royalty rate of revenue. The cash flows are forecasted over a 10-year period with a terminal value discounting them at the applicable rate to the cash-generated unit.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.11 Intangible assets (continued)

The amortisation method and amortisation period for intangible assets with a finite useful life is reviewed annually at each financial year-end. The current estimated useful lives are as follows:

Software	3 to 7 years;
Trade name	Vary depending on trade name expected life;
Customer relations	Vary depending on assessment of relationship

Amortisation is charged to the depreciation and amortisation line item within the Statement of Comprehensive Income.

Software

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally developed software is capitalised if it meets the criteria for capitalising development expenditure and will probably generate economic benefits exceeding costs beyond one year. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in profit or loss.

Trade names and customer relationships

Expenditure on purchase of trade names, customer contracts and relations through a business combination is capitalized if they meet the definition of an intangible asset.

2.12 Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in discounted provisions as a result of the passage of time is recognised as a finance cost in profit or loss.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. Where the contractual residual value for motor vehicles exceeds the anticipated proceeds from the contract at reporting date, an onerous contract provision for residual risk is recognised. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and transporting the inventory to its present location and condition. Cost of vehicle inventory is net of incentives received from manufacturers in respect of target achievements.

Cost is determined as follows:

- New, used and demonstration vehicles – Actual unit cost on a first-in first-out basis.
- Consumables and other inventory – Weighted average cost.
- Parts, accessories and automotive components – Actual unit cost on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion, selling expenses and provision for obsolete and damaged stock.

2.14 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to a business combination, items recognised directly in equity or other comprehensive income.

Current taxation

The current tax charge is the expected tax payable on the taxable income for the year using tax rates enacted or subsequently enacted at the reporting date and any adjustments to tax payable in respect of prior years. In situations when there is doubt regarding the tax treatment of a transaction, the amount is recognized based on the best estimate of the amount of tax payable. The effect of the uncertainty shall be reflected in the related profits (tax loss), tax bases, unused tax losses or tax rates.

Deferred taxation

Deferred tax is recognised in respect of all temporary differences between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- temporary differences relating to interests in subsidiaries and equity-accounted investees to the extent it is probable these will not reverse in the foreseeable future.

The amount of deferred tax is determined using tax rates enacted or substantively enacted in the relevant jurisdictions at reporting dates that are expected to apply when the asset is realised or liability settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for all deductible temporary differences, including unused tax losses, to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realised.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.14 Income tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the underlying assets and liabilities. Deferred tax liabilities have not been provided on undistributed earnings of foreign subsidiaries and associates where those earnings are not expected to be distributed.

The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Value added taxation (VAT)

The net amount of VAT and Goods and Services Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.15 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in GBP, rounded to the nearest thousand, which is the Company's functional and Company's and Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are accounted for at rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date.

Unrealised translation differences on such monetary assets and liabilities are recognised in profit or loss in the year in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign operations

The results and financial position of all the Group entities that have a functional currency different from the Group presentation currency are translated into the presentation currency.

Assets and liabilities of foreign operations are translated at rates of exchange ruling at the reporting date. Income and expenditure of foreign operations are translated at the rate of exchange at the transaction date or the average rate of exchange for the reporting period. Gains or losses arising on the translation of foreign operations are recognised in other comprehensive income and presented as foreign currency translation reserves in equity. Where the operation is not a wholly owned subsidiary, the relevant proportionate share of the translation difference is allocated to non-controlling interests.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.15 Foreign currencies (continued)

On consolidation, exchange differences arising from the translation of a monetary item that forms part of a reporting entity's net investment in foreign operations, including the borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and presented as a foreign currency translation reserve in equity.

When a foreign operation is sold or partly sold resulting in a loss of control, the share of the related cumulative gains and losses, including taxes, previously recognised in the foreign currency translation reserve is reclassified to profit or loss on disposal as part of the gain or loss on disposal.

When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative foreign currency translation reserve is reallocated to non-controlling interests.

2.16 Impairment of assets

Non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If any such indication exists then the asset's or cash-generating unit's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

A cash-generating unit is the smallest identifiable asset group that generates cash flows which are largely independent from other assets and groups.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or group of cash-generating units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. Corporate assets are allocated proportionately to the cash-generating unit that uses the asset when performing the impairment test.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.16 Impairment of assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are assessed for impairment using a forward-looking ECL model. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. The impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 2-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

A default event can be identified as non-compliance with agreed credit terms. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. The Group has also chosen to apply this policy for trade receivables, trade finance debtors, agency debtors and contract assets with a significant financing component.

The estimated ECLs in respect of trade and sundry receivables were calculated based on actual credit loss experience over previous years. Actual credit loss experience was adjusted by entity-specific scalar factors and macroeconomic information, such as the WLTP process in the European automotive market, was taken into account by the various divisions across the group, but none of these were material enough to make an adjustment to the estimated ECLs to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables, including the impact of Covid-19.

A significant increase in credit risk can be identified by late or defaulted payments experienced, or corporate actions such as an entity going into business rescue. Low credit risk is identified by historical compliance with obligations and external credit ratings.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.16 Impairment of assets (continued)

The cash and cash equivalents are held with banks and financial institution counterparties. The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of impairment losses for financial assets measured at amortised cost is recognised in profit or loss.

Financial assets are written off only when all reasonable attempts at recovery have been taken and failed. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. The recovery of previously written off financial assets is recognised in profit or loss.

2.17 Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value.

Financial assets

All purchases and sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset.

The Group classifies its financial assets into the following categories:

- Measured at fair value through profit or loss; and
- Amortised costs.

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets on initial recognition.

The amount recognised on initial recognition in respect of financial assets not subsequently measured at fair value through profit or loss includes transaction costs associated with the financial asset (such as advisors' and agents' fees and commissions, duties and levies by regulatory agencies).

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss, if acquired principally for the purpose of selling in the short term, they form part of a portfolio with a pattern of short-term profit making, for equity and on-equity financial assets.

Derivatives are also categorised as financial assets at fair value through profit or loss unless they are designated as hedges.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.17 Financial instruments (continued)

Financial assets measure at amortised cost

A financial asset is measured at amortised cost if it meets both of the following:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are included in current assets, except for receivables with maturities greater than 12 months after the reporting date. These are classified as non-current assets. Current loans and receivables are included in trade and sundry receivables in the statement of financial position. Trade receivables, which generally have 30 to 90-day terms, are recognised and carried at amortised cost less impairment losses (generally being the original invoice amount less an allowance for any uncollectable amounts), using the effective interest method. An allowance for impairment is made based on the ECL model. Bad debts are written off when identified.

The assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, dividends and impairment are recognised in profit or loss.

Other receivables are stated at amortised cost less impairment losses using the effective interest method

Subsequent measurement

After initial recognition, financial assets, which are classified as measured at fair value through profit or loss, are measured at fair value.

Gains or losses on financial assets measured at fair value through profit or loss are recognised in profit or loss.

Foreign exchange gains and losses, interest calculated in respect of interest-bearing financial assets on the effective interest method and dividends are recognised directly in profit or loss. For financial assets carried at amortised cost, gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.17 Financial instruments (continued)

The Group derecognised a financial liability when its contractual obligations are discharged, cancelled or expire.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Non-controlling interest put options

Non-controlling interest put options are put options over non-controlling interests accounted for using the present access method. Written put options in respect of which the Group does not have an unconditional right to avoid the delivery of cash, are recognised as financial liabilities. Under this method, the non-controlling interest is not derecognised when the financial liability in respect of the put option is recognised, as the non-controlling interest still has present access to the economic benefits associated with the underlying ownership interest. Non-controlling interest put options are initially recognised at the present value of expected future cash flows and subsequently remeasured at the present value of expected future cash flows with any changes in value (accretion and interest) through equity.

Offset

Financial instruments are offset and the net amount reported in the Statement of Financial Position when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to cash flows expire or there is a transfer of the rights to receive contractual cash flows in a transaction in which substantially all the risks and rewards are transferred. A financial liability is derecognised when it is legally extinguished. Gains and losses are recognised in profit or loss when assets or liabilities are derecognised or impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, short-term money market instruments and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost. Foreign cash balances are translated using the exchange rate at the reporting date.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

2. Accounting policies (continued)

2.18 Employee benefits

Short-term employee benefits

Remuneration paid to employees for services rendered is recognised in profit or loss as the services are provided.

An accrual is made for accumulated unpaid and unutilised leave.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under a short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-retirement benefits

The Group operates a number of defined contribution plans under which it pays fixed contributions into separate retirement funds. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The fund assets are held in separate trustee administered funds.

The plans are generally funded by payments from employees and the relevant Group companies. Contributions to defined contribution plans are recognised in profit or loss in the year to which they relate.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The difference between the issue price and the nominal value is recognised as an increase in share premium.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

3. Critical accounting estimates, judgements and key assumptions

The directors have considered the Group and Company's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

Critical accounting policies

The directors are satisfied that the critical accounting policies are appropriate to the Group and Company.

Key sources of uncertainty and critical accounting judgements in applying the Group's accounting policies

Estimates, judgements and assumptions 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The Group makes estimates, judgements and assumptions concerning the future. Those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets

The Group tests whether assets have suffered any impairment, in accordance with the accounting policy in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell.

Goodwill and indefinite useful life intangible assets valuation

The recoverable amount of these assets is reviewed in terms of the accounting policies in note 2.

When assessing the recoverable amount, the following factors are taken into consideration:

- Projected cash flows;
- Terminal value;
- Discount rates; and
- Royalty rates.

The Group assesses whether an intangible purchased as part of a business combination has an indefinite useful life. The following considerations are taken into account:

- whether the Group intends to maintain the intangible;
- whether the Group has the ability to maintain the intangible;
- the level of future expenditure required to maintain the intangible; and
- the stability of the industry in which the intangible operates.

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable and their value can be reliably estimated.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

3. Critical accounting estimates, judgements and key assumptions (continued)

In order to determine the fair value of the separately identifiable intangible assets on a business combination, management use their best knowledge to make estimates when utilising the Group's valuation methodologies. The valuation methodologies require input based on assumptions about the future and use discounted cash flows and free cash flow forecasts.

For significant acquisitions management considers the advice of third-party independent valuers in identifying and calculating the valuation of any intangible assets arising on acquisition.

The Group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell.

Leases

Certain leases contain lease renewal options at the option of the lessee which are taken into account when measuring the ROU lease liability and ROU asset. Management judgement is required in whether these renewal options will be exercised. The incremental borrowing rate used in the ROU lease liability calculation and ROU asset calculation is based on prevailing market rates and adjusted for conditions specific to the entity. Management exercises judgement in determining the incremental borrowing rate.

Inventories

Impairment provisions or write downs to net realisable value are raised against inventory when it is considered that the amount realisable from such inventory's sale is less than its carrying amount. In determining whether a particular item of inventory could be considered to be overvalued, the following factors are taken into consideration:

- saleability;
- sub-standard quality and damage; and
- historical and forecast sales.

Property, plant and equipment: Valuation and depreciation

The residual values of property, plant and equipment are considered significant, for certain classes of property, plant and equipment (e.g. motor vehicles) and lease portfolio vehicles. The estimation of the useful lives is based on historic performance as well as expectation about future use and therefore requires a degree of judgment to be applied by management. The depreciation rates represent management's current best estimate of the useful lives of the assets. Residual values are determined taking into account generally accepted industry-based market forecasts adjusted where necessary to take into account factors specific to the asset. Where deemed necessary, actuaries are used in determining the residual values for lease portfolio vehicles. The valuation model projects each active vehicle on a monthly basis based on an average monthly mileage for each vehicle. Assumptions in these models include future projected interest rates and market value data published in the relevant countries.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in the future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

3. Critical accounting estimates, judgements and key assumptions (continued)

Income tax

The Group operates in numerous tax jurisdictions and is subject to tax legislation that is open to interpretation. This requires a degree of judgment to be applied by management in determining income tax.

The accrual for potential income tax exposures are the best estimates of the tax amount expected to be paid. The best estimate amount is included as part of the income tax expense charge in the Statement of Comprehensive Income and the liability to the tax authorities. The Group reassesses its best estimates on an on-going basis based on new information that may impact these estimates. The tax amount is calculated based on a probability of the individual tax exposures present. There were no material uncertainties identified over the income tax treatment within the different tax jurisdictions of the Group.

COVID-19

The effect of the current economic conditions as a result of Covid-19 was taken into consideration in the following judgements and assumptions:

- Goodwill impairment tests
- Additional risk premium in calculating the discount rate;

Russia-Ukraine conflict

The ongoing disruption of global supply chains was exacerbated by the Russia-Ukraine conflict, resulting in significant increases in the price of fuel, food and raw materials. Unemployment rates continued to trend down, with limited spare capacity in the labour market and wage pressures as a result.

The war in Ukraine negatively affected the European Union (EU) economy, setting it on a path of lower growth and higher inflation compared with initial forecasts. Russia's invasion exacerbated global supply chain disruptions and placed additional upward pressure on energy and food commodity prices, fuelling global inflationary pressures and eroding the purchasing power of households.

The effect of the current economic conditions as a result of this conflict was taken into consideration in the following judgements and assumptions:

- *Goodwill impairment tests*
The estimates in calculating the future free cash flows; and
- *Provision for ECL*
The estimates of additional risk of default.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

4. Revenue

	2022 £000	2021 £000
Supply Chain Europe		
Time critical delivery and courier services	168,710	167,693
Other	1,668	1,249
	<u>170,378</u>	<u>168,942</u>
Dealerships		
Sale of vehicle and parts	466,068	466,894
Servicing of vehicles	27,564	29,760
	<u>493,632</u>	<u>496,654</u>
Total Revenue	<u>664,010</u>	<u>665,596</u>

Revenue is recognised at a point in time.

Revenue split by geographical location:

	2022 £000	2021 £000
UK	493,632	496,654
Europe	170,378	168,942
Total revenue	<u>664,010</u>	<u>665,596</u>

5. Other operating income

	2022 £000	2021 £000
Commission received	13,703	11,815
Bad debt recovered	12	15
Exceptional income ¹	20,500	-
Profit on lease modification	-	732
Realised foreign exchange gain	261	87
Other income	1,906	2,270
	<u>36,382</u>	<u>14,919</u>

¹ £20,500,000 represents the proceeds from insurance compensation relating to business interruption during COVID-19.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

6. Operating profit

Operating profit is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of property, plant and equipment	3,087	2,709
Depreciation of right of use assets	8,427	9,451
Amortisation of intangible assets	2,755	5,787
Grant income	(129)	(3,046)
Foreign exchange losses	74	120
Loss on sale of property, plant and equipment	47	122

7. Auditors' remuneration

Fees payable to the Group's auditors for the audit of the Parent Company and the consolidated financial statements:

	2022 £000	2021 £000
Audit fees for consolidated financial statements	50	46
Audit fees for financial statements of the Company's subsidiaries	186	170
Tax compliance services	18	13
Fees payable to the Company's auditors in respect of all other services	11	11
	<u>265</u>	<u>240</u>

8. Employees

The monthly average number of persons employed by the Group and Company (including directors) during the year, analysed by category, was as follows:

	Group		Company	
	2022 Number	2021 Number	2022 Number	2021 Number
Directors and Senior Management	44	42	1	1
Middle management	169	165	1	1
Sales, administration and Logistics	1,785	1,728	-	-
	<u>1,998</u>	<u>1,935</u>	<u>2</u>	<u>2</u>

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

8. Employees (continued)

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Wages and salaries	55,784	51,516	224	139
Social security costs	8,963	8,742	-	-
Other pension costs	1,179	1,179	-	-
	65,926	61,437	224	139

The Company has four directors in total, one of which is remunerated by the Company with the remaining directors remunerated by other group companies.

9. Directors' remuneration

The Company has four directors in total, one of which is remunerated by a direct subsidiary of the Company, Allen Ford (UK) Limited, while the remaining directors are remunerated by the Company's ultimate parent undertaking, Super Group Limited.

Since it is not practicable to determine an accurate proportion of these directors' emoluments which relate to the management of SG International Holdings Limited, the emoluments of the directors of the Company are fully included within the financial statements of the aforementioned companies.

10. Finance income

	2022	2021
	£000	£000
Bank accounts	51	14
Long-term loans	343	585
Other	2	5
	396	604

11. Finance costs

	2022	2021
	£000	£000
Borrowings	1,086	1,923
ROU lease liability	2,948	3,406
Group companies	2,511	2,947
Other finance costs	1	5
	6,546	8,281

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

12. Tax on profit

	2022 £000	2021 £000
Current tax		
UK Corporation tax on profit for the year	5,495	1,516
Non-UK Corporation tax	1,006	1,262
Adjustments in respect of prior years	585	(30)
Total current tax	7,086	2,748
Deferred tax		
UK - Current year	(235)	(40)
Non-UK Current year	(887)	(1,362)
Adjustment in respect of prior years	20	121
Effect of changes in tax rates	(33)	(23)
Total deferred tax	(1,135)	(1,304)
Tax on profit	5,951	1,444

	2022 £000	2021 £000
Factors affecting the tax charge for the year:		
Profit before income tax	25,865	6,941
Profit before income tax multiplied by the standard rate of tax of 19.0% (2021: 19.0%)	4,914	1,319
Effects of:		
Adjustment in respect of prior years	620	(30)
Expenses not deductible for tax purposes	450	1,044
Foreign tax	-	(889)
Income not taxable	(1)	-
Tax rate changes	(32)	-
Tax charge	5,951	1,444

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Statement of Financial Position date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

13. Intangible assets

Group	Trade name £'000	Software £'000	Customer relationships £'000	Total £'000
2022				
Cost				
Balance at the beginning of the year	13,848	4,326	32,250	50,424
Additions	-	165	-	165
Disposals	-	(46)	-	(46)
Acquisitions through business combinations	-	1	-	1
Net exchange differences	35	13	81	129
Balance at the end of the year	13,883	4,459	32,331	50,673
Accumulated amortisation and impairment				
Balance at the beginning of the year	(1,535)	(2,152)	(26,594)	(30,281)
Amortisation for the year	-	(628)	(2,127)	(2,755)
Disposals	-	27	-	27
Net exchange differences	-	(16)	(97)	(113)
Balance at the end of the year	(1,535)	(2,769)	(28,818)	(33,122)
Carrying amount at end of the year	12,348	1,690	3,513	17,551
Analysis of balance at the end of the year				
2022				
Purchased	12,348	1,690	3,513	17,551
Intangible assets with indefinite useful life	12,348	-	-	12,348
Intangible assets with definite useful life	-	1,690	3,513	5,203
	12,348	1,690	3,513	17,551

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

13. Intangible assets (continued)

Group	Trade name	Software	Customer relationships	Total
2021	£'000	£'000	£'000	£'000
Cost				
Balance at the beginning of the year	14,549	4,272	33,869	52,690
Additions	-	293	-	293
Net exchange differences	(701)	(239)	(1,619)	(2,559)
Balance at the end of the year	<u>13,848</u>	<u>4,326</u>	<u>32,250</u>	<u>50,424</u>
Accumulated amortisation and impairment				
Balance at the beginning of the year	(1,535)	(1,579)	(22,777)	(25,891)
Amortisation for the year	-	(679)	(5,108)	(5,787)
Net exchange differences	-	106	1,291	1,397
Balance at the end of the year	<u>(1,535)</u>	<u>(2,152)</u>	<u>(26,594)</u>	<u>(30,281)</u>
Carrying amount at end of the year	<u>12,313</u>	<u>2,174</u>	<u>5,656</u>	<u>20,143</u>
Analysis of balance at the end of the year				
2021				
Purchased	<u>12,313</u>	<u>2,174</u>	<u>5,656</u>	<u>20,143</u>
Intangible assets with indefinite useful life	12,313	-	-	12,313
Intangible assets with definite useful life	-	2,174	5,656	7,830
	<u>12,313</u>	<u>2,174</u>	<u>5,656</u>	<u>20,143</u>

The indefinite useful life intangible pertains to inTime and Ader trade names which have been used in the European marketplace for over 20 years and will continue to be used indefinitely. The trade names were tested for impairment at year end as an "umbrella" trade name and used the Relief from Royalty valuation method by applying 100% of net sales and an applied royalty rate of 0.6% and 2.2% of revenues for inTime and Ader respectively.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

14. Goodwill

Group	2022 £000	2021 £000
Cost and net book value		
Balance at the beginning of the year	114,684	119,218
Acquisition of businesses	175	-
Net exchange differences	139	(4,534)
Balance at the end of the year	114,998	114,684
 Goodwill per cash-generating unit		
Supply chain – Offshore	80,427	80,112
Dealerships UK	34,571	34,572
	114,998	114,684

Goodwill acquired through business combinations has been attributed to individual cash-generating units. The carrying amount of goodwill is subject to annual impairment tests using forecasts of future cash flows and the value-in-use method. These calculations use projected earnings based on historic operating results.

Impairment testing for cash generating units containing goodwill

Goodwill acquired through business combinations has been attributed to individual cash-generating units (CGU). The carrying amount of goodwill is subject to annual impairment tests using forecasts of future cash flows and the value-in-use method. Impairments of £Nil (2021: £Nil) were recognized in the current year.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment test was based on a value-in-use approach. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the business and was based on the following key assumptions:

Supply Chain – Europe

- Cash flows were projected based on actual operating results, a five year forecast of revenue growth between 2.7% and 12.6% and a terminal value growth rate of 1.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- A pre-tax discount rate 7.8% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the CGU.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.
- Overheads were forecast based on current levels adjusted for once off expenditure.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

14. Goodwill (continued)

Dealerships – Dealerships UK

- Cash flows were projected based on actual operating results, a five year forecast of revenue growth between 1.0% and 2.0% and a terminal value growth rate of 1.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- Overheads were forecast based on current levels adjusted for one off expenditure.
- A pre-tax discount rate 9.2% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the CGU.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

The directors do not consider there to be a reasonably possible change in assumptions that would result in the carrying value exceeding the value-in-use.

Sensitivity analysis on key assumptions:

A sensitivity analysis was performed on the discount rate where it was increased to 10% and no impairment was required. The directors believe that the terminal value growth rate of 2.0% was conservative and hence did not require any adjustment in the sensitivity analysis.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of both cash-generating units to exceed its recoverable amount.

Supply Chain – Europe

The directors believe that the terminal value growth rate of 1.0% and five-year forecast of revenue growth between 2.7% and 12.6% were conservative and hence did not require any adjustment in the sensitivity analysis. The discount rate was increased to 10% and no impairment was required.

Dealerships – Dealerships UK

The directors believe that the terminal value growth rate of 1.0% and five-year forecast of revenue growth between 1.0% and 2.0% were conservative and hence did not require any adjustment in the sensitivity analysis. The discount rate was increased to 11% and no impairment was required.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

15. Property, plant and equipment

Group	Land, buildings and leasehold improve- ments £'000	Plant and workshop equipment £'000	Furniture and fittings £'000	Computer equipment £'000	Rental and transport fleet £'000	Total £'000
2022						
Cost						
Balance at the beginning of the year	56,526	2,572	6,237	465	3,016	68,816
Additions	241	465	1,857	467	2,395	5,425
Disposals	(26)	(94)	(1,632)	(52)	(153)	(1,957)
Revaluations	4,815	-	-	-	-	4,815
Acquisitions through business combinations	-	16	5	1	-	22
Translation adjustment	10	11	12	8	42	83
Balance at the end of the year	61,566	2,970	6,479	889	5,300	77,204
Accumulated depreciation and impairment						
Balance at the beginning of the year	(2,253)	(1,046)	(2,552)	(303)	(644)	(6,798)
Current year depreciation	(362)	(306)	(1,783)	(114)	(522)	(3,087)
Disposal accumulated depreciation	26	-	1,553	46	133	1,758
Impairment	(617)	-	-	-	-	(617)
Translation adjustment	(3)	(8)	(4)	(2)	(9)	(26)
Balance at the end of the year	(3,209)	(1,360)	(2,786)	(373)	(1,042)	(8,770)
Carrying amount at the end of the year	58,357	1,610	3,693	516	4,258	68,434

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

15. Property, plant and equipment (continued)

Group	Land, buildings and leasehold improvements	Plant and workshop equipment	Furniture and fittings	Computer equipment	Rental and transport fleet	Total
2021	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at the beginning of the year	55,611	2,528	6,702	426	1,734	67,001
Additions	1,769	150	1,723	67	1,716	5,425
Disposals	(777)	-	(2,113)	(3)	(295)	(3,188)
Translation adjustment	(77)	(106)	(75)	(25)	(139)	(422)
Balance at the end of the year	56,526	2,572	6,237	465	3,016	68,816
Accumulated depreciation and impairment						
Balance at the beginning of the year	(2,146)	(885)	(3,300)	(233)	(534)	(7,098)
Current year depreciation	(317)	(218)	(1,749)	(86)	(339)	(2,709)
Disposal accumulated depreciation	644	-	2,027	1	196	2,868
Translation adjustment	(434)	57	470	15	33	141
Balance at the end of the year	(2,253)	(1,046)	(2,552)	(303)	(644)	(6,798)
Carrying amount at the end of the year	54,273	1,526	3,685	162	2,372	62,018

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

15. Property, plant and equipment (continued)

£41,595,000 (2021: £40,478,000) of land and buildings have been pledged as security against the borrowings.

An analysis of the sixteen freehold properties that are carried at fair value, to show the carrying amount that would have been recognised had the assets been carried under the cost model, is as follows:

Group	2022 £000	2021 £000
Historical cost equivalent	47,124	11,942
Amount of revaluation reserve	7,916	3,118
Net book value	55,040	15,060

Freehold properties were professionally valued at 30 June 2022 by Rapleys LLP to fair value in accordance with RICS Appraisal and Valuation standards. This resulted in a charge to the Income statement for property impairment relating to two properties of £617,000 (2021: £Nil) and a transfer to the other reserve relating to a net revaluation surplus on fourteen properties of £4,815,000 (2021: £Nil).

There was a transfer between the Revaluation reserve and Retained earnings in the year of £Nil (2021: £37,000) for the difference between depreciation based on the revalued carrying amount and depreciation based on the historical cost of the revalued properties.

Company	Land, buildings and leasehold improvements		Total	
	2022 £000	2021 £000	2022 £000	2021 £000
Cost				
Balance at the beginning of the year	-	2,000	-	2,000
Disposal	-	(2,000)	-	(2,000)
Balance at the end of the year	-	-	-	-
Accumulated depreciation and impairment				
Balance at the beginning of the year	-	(32)	-	(32)
Disposal	-	32	-	32
Balance at the end of the year	-	-	-	-

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

16. Leases

This note provides information for the leases where the Group is the lessee.

Amounts recognised in the Statement of Financial Position

Right of use assets

The Company has recognised the following in respect on assets leases which entirely relate to Land, buildings and leasehold improvements:

Group	2022 £'000	2021 £'000
Cost		
Balance at the beginning of the year	74,605	73,357
Additions	1,401	7,630
ROU assets cancelled	(52)	-
Disposals	(75)	(3,940)
Translation adjustment	150	(2,442)
Balance at the end of the year	76,029	74,605
Accumulated depreciation and impairment		
Balance at the beginning of the year	(17,862)	(9,892)
Current year depreciation	(8,427)	(9,451)
Depreciation on disposal	52	935
Translation adjustments	(116)	546
Balance at the end of the year	(26,353)	(17,862)
Carrying amount at the end of the year	49,676	56,743

Information for right of use assets is summarised below:

Group	2022 £'000	2021 £'000
Net book value		
Land, buildings and leasehold improvements	47,212	53,567
Rental and transport fleet	2,185	3,128
Other	279	48
Balance at the end of the year	49,676	56,743

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

16. Leases (continued)

The Group leases land and buildings and rental and transport fleet for periods are between 1 years and 115 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants.

The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The total cash outflow relating to leases during the year was £9,624,000 (2021: £9,658,000).

ROU lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Group	2022			2021		
	Current £'000	Non- current £'000	Total £'000	Current £'000	Non-current £'000	Total £'000
ROU lease liabilities	8,232	53,386	61,618	8,990	60,734	69,724

The contractual payments of the leases are outlined below:

Future lease payments

	Group	
	2022 £000	2021 £000
Within one year	8,232	8,990
Between 1-5 years	26,715	27,453
Over 5 years	26,671	33,281
	<u>61,618</u>	<u>69,724</u>

Amounts recognised in the Statement of Comprehensive Income:

	Group	
	2022 £000	2021 £000
Depreciation charge on right of use assets	8,427	9,451
Interest expense on leases (included in finance costs)	<u>2,948</u>	<u>3,406</u>

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

17. Deferred tax assets/(liabilities)

	Group	
	2022	2021
	£000	£000
Balance at beginning of the year	(3,452)	(4,781)
Adjustment relating to prior years	(20)	(176)
Credited to profit and loss during the year	1,154	1,304
Deferred tax charge in OCI	(1,231)	-
Translation adjustment	-	201
Balance at end of year	(3,549)	(3,452)
<i>The deferred tax provision is made up as follows:</i>		
Accelerated capital allowances	(381)	(413)
Other timing differences	(3,168)	(3,039)
	(3,549)	(3,452)
<i>The deferred tax is split into:</i>		
Deferred tax assets	1,189	1,452
Deferred tax liabilities	(4,738)	(4,904)
	(3,549)	(3,452)

Deferred tax assets have been recognized only to the extent that the amount of unused tax losses relating to the Group's operations can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise tax losses carried forward.

It is not considered possible to estimate the amount of deferred tax assets or liabilities which are expected to be settled within 12 months of the year-end.

There are no unrecognized deferred tax assets in the Company or the Group.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

18. Investments in subsidiaries

	Company	
	2022	2021
	£000	£000
Net book value		
Balance at the beginning of the year	37,325	37,325
Balance at the end of year	37,325	37,325

Name	Principal place of business/ country of incorporation	Principal activity	Owner-ship interest %	Registered address
Allen Ford (UK) Limited	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Essex Auto Group Limited (EAG) *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Bestodeck Limited (SMC) *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Swale Motors Limited *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
Slough Motor Company Limited *	UK	Dealership	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
inTime Express Logistics UK Limited	UK	Logistic services	80	Bicester Road Industrial Estate Faraday Road Unit 10, GB- HP19 8RY Aylesbury
SG inTime Holdings GmbH	Germany	Holding company	80	Am Kirchhorster See 1, 30916 Isernhagen Germany
inTime Service GmbH	Germany	Holding company	80	Am Kirchhorster See 1, 30916 Isernhagen Germany
inTime Express Logistik GmbH	Germany	Logistics services	80	Am Kirchhorster See 1, 30916 Isernhagen Germany
Direkt-Trans Kft.	Hungary	Logistics services	80	Tibormajori ut.9, 9027 Gyor Hungary

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

18. Investments in subsidiaries (continued)

Name	Principal place of business/ country of incorporation	Principal activity	Owner-ship interest %	Registered address
inTime Direct-Kuriere S.R.L.	Romania	Logistics services	80	Str. Barcelona 8, 550018 Sibiu, Romania
inTime Express Logistics Sp.z.o.o.	Poland	Logistics services	80	Jerczmanowska 17, 54-530 Wroclaw, Poland
inTime Express Logistics s.r.o.	Czech Republic	Logistics services	80	Valcha 139, 30100 Pilsen, Czech Republic
inTime Express AB	Sweden	Logistics services	80	Karbingatan 20, 25467 Helsingborg, Sweden
Servicios Empresariales Ader, S.A.	Spain	Logistics services	93.3	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Grupader S.A.	Spain	Logistics services	93.3	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Avant Rent S.A.	Spain	Logistics services	93.3	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Green City Messengers S.L.	Spain	Logistics services	93.3	C/ Ciudad de Elche, 6 -8 bajos, E-08027 Barcelona
Trans -Logo-Tech (TLT) Gmbh	Germany	Logistics services	64	Hans-Grüniger-Weg 11, 71706 Markgröningen, Germany
Charles H. Allen Limited*	UK	Dormant	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
CHA (2005) Limited	UK	Dormant	100	Tachbrook Park Drive, Leamington Spa, Warwick, CV34 6SY
LibCycle GbmH	Germany	Logistics services	51	Richard-Wagner-Straße 15, 80333 Munich
Supply Change Sociedad Limitada	Spain	Logistics services	84	Av. Gran Via, 16,20 - 08902 Hospitalet de Llobregat - Barcelona

* Entity is dormant

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

19. Other non-current assets

Group	Sub lease receivable £000	Loan receivable granted £000	Total £000
2022			
Opening	8,637	129	8,766
Sub-lease modification	-	-	-
Interest capitalized	-	3	3
Sub-lease granted	70	-	70
Loan receivable repaid	-	-	-
Sub-lease receivable received	(3,446)	-	(3,446)
Foreign currency translation reserve	2	-	2
	5,263	132	5,395

Split of capital and interest

Amount advanced	5,376
Interest capitalised	19
	5,395

Group	Sub lease receivable £000	Loan receivable granted £000	Total £000
2021			
Opening	11,001	166	11,167
Sub-lease modification	(876)	-	(876)
Interest capitalized	-	3	3
Sub-lease granted	92	-	92
Loan receivable repaid	-	(33)	(33)
Sub-lease receivable repaid	(1,016)	-	(1,016)
Foreign currency translation reserve	(564)	(7)	(571)
	8,637	129	8,766

Split of capital and interest

Amount advanced	8,750
Interest capitalised	16
	8,766

The loans granted in 2018 of £154,000, are to second line management of Ader for the acquisition of shares in Servicios Empresariales Ader. Interest rate is at 2.0% per annum and is capitalised. The loan has a fixed term of 8 years and is denominated in Euro.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

20. Inventories

	Group	
	2022	2021
	£000	£000
New vehicles	41,422	36,251
Used vehicles	24,976	25,397
Demo vehicles	13,480	13,475
Parts and accessories	1,774	1,911
Other inventory	349	329
	82,001	77,363

Inventory recognised as an expense during the year totaled £459,040,000 (2021: £470,825,000).

Included in inventory is a provision for obsolete stock of £5,901,000 (2021: £5,811,000).

Additional disclosures – Inventories

Group	Carrying value of inventory			Total
	Carried at net realisable value	Held under interest-free floor plan obligations	Held under interest- bearing floor plan obligations	
2022	£'000	£'000	£'000	£'000
New vehicles	-	36,562	4,860	41,422
Used vehicles	24,976	-	-	24,976
Demo vehicles	13,480	-	-	13,480
Parts and accessories	1,774	-	-	1,774
Other inventory	271	78	-	349
	40,501	36,640	4,860	82,001

Group	Carrying value of inventory			Total
	Carried at net realisable value	Held under interest-free floor plan obligations	Held under interest- bearing floor plan obligations	
2021	£'000	£'000	£'000	£'000
New vehicles	-	24,424	11,827	36,251
Used vehicles	8,549	-	16,848	25,397
Demo vehicles	2,736	-	10,739	13,475
Parts and accessories	1,911	-	-	1,911
Other inventory	329	-	-	329
	13,525	24,424	39,414	77,363

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

21. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade receivables	47,006	38,358	-	-
Sundry receivables	1,419	1,115	-	-
Prepayments	3,134	2,354	-	1
VAT	89	47	-	-
Deposits	938	483	-	-
Staff debtors	34	36	-	-
	52,620	42,393	-	1

Trade receivables are reported after a provision for doubtful debts of £454,000 (2021: £456,000).

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Currency analysis				
Pound Sterling	15,392	11,220	-	1
Euro	37,228	31,173	-	-
	52,620	42,393	-	1

22. Loans to fellow subsidiaries

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Super Group (EU Investments) Limited	4	4	4	4
Allen Ford (UK) Limited	-	-	1,710	513
	4	4	1,714	517

The interest-free loan is receivable from Super Group (EU Investments) Limited, a fellow subsidiary of SG International Holdings Limited. The loan is unsecured and receivable on demand.

The interest-free loan in the Company is receivable from Allen Ford (UK) Limited, a fellow subsidiary of SG International Holdings Limited. The loan is unsecured and receivable on demand.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

23. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash and cash equivalents	51,890	38,618	11,479	606
Currency analysis				
Pound Sterling	38,358	18,395	11,479	606
Euro	13,532	20,223	-	-
	51,890	38,618	11,479	606

24. Interest-bearing borrowings

	Group	
	2022	2021
	£000	£000
Secured property borrowings	11,558	14,305
Liquidity facility	722	1,574
	12,280	15,879
Maturity analysis		
Falling due within one year	3,469	3,601
Falling due after one year	8,811	12,278
	12,280	15,879
Currency analysis		
Pound Sterling	11,558	14,305
Euro	722	1,574
	12,280	15,879

Secured property borrowings

Property borrowing bearing interest at three-month SONIA plus 175 and 215 basis points (2021: three-month LIBOR plus 175 and 215 basis points) is secured by land, buildings and property with a carrying value of £41,595,000 (2021: £40,478,000) and are repayable in quarterly payments with the final bullet payment due in December 2021.

Liquidity facility

The unsecured Coronavirus liquidity facility bears interest at 1.25% and is guaranteed up to 70% by the Spanish government. The facility is payable in full in May 2023.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

25. Non-controlling interest put option

The Group entered into business combinations which included clauses whereby the non-controlling interest equity holders are able to put 100% of their shareholding to the Group for a limited time period at the expiry date of the respective options.

The put option available to the non-controlling interest is exercisable from 30 June 2021 to 30 June 2025. The value of the put option is based on an estimation of the enterprise value at the initial exercise date. The agreement indicates that the enterprise value is calculated by applying a price earnings multiple of 7.5 to the average of the preceding 3 years audited EBITDA of inTime group and adjusting the result by adding cash and deducting the debt on the specific date.

In arriving at the option value at 30 June 2021, an average EBITDA of €8,111,000 and a pre-tax discount rate of 6.5% was used. This is a level 3 fair value valuation.

The discount rate used is adjusted to reflect the most affordable funding available to the Group at the reporting date.

The following table shows a reconciliation from the opening to closing balances of level 3 financial instruments carried at fair value:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Financial liabilities – Put option liabilities				
Balance at the beginning of the year	-	-	-	-
<i>Movement of NCI liability in Statement of Changes in Equity:</i>				
– Fair value adjustment	-	-	-	-
Balance at the end of the year	-	-	-	-

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

26. Trade and other payables

	Group	
	2022	2021
	£000	£000
Trade payables	32,686	28,883
Floorplan payables	72,763	67,538
Trade payables – vehicles	-	5,368
Accruals	29,719	26,753
Sundry payables	2,662	2,624
Other tax and social security	13,389	7,592
Deferred income	274	278
	151,493	139,036

Floorplan payables include £36,201,000 (2021: £43,114,000) interest bearing floorplan and £36,562,000 (2021: £24,424,000) interest free floorplan.

There were no intercompany trade and other payables transactions during the year under review.

	Group	
	2022	2021
	£000	£000
Currency analysis		
Pound Sterling	115,843	106,096
Euro	35,647	32,940
	151,490	139,036

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

27. Loans from ultimate holding company and fellow subsidiaries

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Non-current				
Super Group (EU Investments) Limited	59,490	57,372	-	-
Super Group Limited - Loan 1	26,769	31,366	-	-
Super Group Limited – Loan 3	1,338	3,104	1,338	3,104
	87,597	91,842	1,338	3,104
Current				
Super Group (EU Investments) Limited	1,099	-	-	-
Super Group Limited- Loan 1	4,670	4,469	-	-
Super Group Limited - Loan 2	-	3,000	-	3,000
Super Group Limited - Loan 3	1,767	1,767	1,767	1,767
Allen Ford (UK) Limited	-	-	-	10,391
	7,536	9,236	1,767	15,158
<i>Split of capital and interest</i>				
Amount advanced	92,622	98,131	2,986	18,185
Interest accrued until 30 June	2,511	2,947	119	77
	95,133	101,078	3,105	18,262

The balance owing to Super Group (EU Investments) Limited is made up of six EURO denominated loans detailed below:

- £50,506,000 is unsecured and has a fixed term of twelve years. The loan bears interest at 3.0% and 2.0% (2021: 3.0%).
- £3,520,000 is unsecured and has a fixed term of ten years. The loan bears interest at 3.0% and 2.0% (2021: 3.0%).
- £4,663,000 is unsecured and has a fixed term of nine years. The loan bears interest at 3.0% and 2.0% (2021: 3.0%).
- £6,463,000 is unsecured and has a fixed term of four years. The loan bears interest at 3.0% (2021: 3.0%).
- £1,693,000 is unsecured and has a fixed term of five years. The loan is repayable in 10 bi-annual repayments. The loan bears interest at 3-month EURIBOR plus 300 basis points (2021: EURIBOR plus 300 basis points).
- £3,602,000 is unsecured and has a fixed term of four years. The loan is repayable in sixteen quarterly repayments. The loan bears interest at 3-month EURIBOR plus 140 basis points (2021: EURIBOR plus 140 basis points).

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

27. Loans from ultimate holding company and fellow subsidiaries (continued)

The interest bearing loan 1 from Super Group Limited is unsecured, bears interest at 3 month EURIBOR plus 300 basis points (2021: 3 month EURIBOR plus 300 basis points). The loans have fixed terms of 5 years.

The interest bearing loan 2 from Super Group Limited was unsecured, bore interest at three-month LIBOR plus 150 basis points and SONIA plus 150 basis points (2021: three-month LIBOR plus 150 basis points) and was repaid on the 27 June 2022.

The interest bearing loan 3 from Super Group Limited is unsecured, bears interest at three-month LIBOR plus 130 basis points and SONIA plus 140 basis points (2021: three-month LIBOR plus 130 basis points) and repayments are due quarterly.

The balance owing by the Company to Allen Ford (UK) Limited was unsecured, interest free and had no fixed repayment terms.

28. Provisions

Group	Employee-related provisions £'000	Other provisions £'000	Total £'000
2022			
Movement summary			
Balance at the beginning of the year	805	5,397	6,202
Increase in provisions	404	981	1,385
Provisions reversed	-	(78)	(78)
Payments against provision	(505)	(1,000)	(1,505)
Translation adjustment	1	1	2
Balance at the end of the year	705	5,301	6,006
Short-term	443	1,401	1,844
Long-term	262	3,900	4,162
Balance at the end of the year	705	5,301	6,006

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

28. Provisions (continued)

Group	Employee- related provisions £'000	Other provisions £'000	Total £'000
2021			
Movement summary			
Balance at the beginning of the year	743	4,338	5,081
Increase in provisions	621	1,791	2,412
Provisions reversed	-	(199)	(199)
Payments against provision	(517)	(473)	(990)
Translation adjustment	(42)	(60)	(102)
Balance at the end of the year	805	5,397	6,202
Short-term	562	1,704	2,266
Long-term	243	3,693	3,936
Balance at the end of the year	805	5,397	6,202

Company	Other provisions £'000	Total £'000
2022		
Movement summary		
Balance at the beginning of the year	53	53
Increase in provisions	50	50
Payments against provision	(53)	(53)
Balance at the end of the year	50	50
Short-term	50	50
Long-term	-	-
Balance at the end of the year	50	50

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

28. Provisions (continued)

Company	Other provisions £'000	Total £'000
2021		
Movement summary		
Balance at the beginning of the year	62	62
Increase in provisions	40	40
Payments against provision	(49)	(49)
Balance at the end of the year	53	53
Short-term	53	53
Long-term	-	-
Balance at the end of the year	53	53

Employee-related liabilities relate to pension provisions. The pension provision is estimated based on the expected payment which will be made in respect of the services provided in the current financial year. Based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Included under other provisions is a dilapidation provision, which has been recognized in relation to future obligations for the maintenance of leasehold properties. The provision is management's best estimate of the obligation which forms part of the Company's unavoidable cost of meeting its obligations under its lease contracts. The provision is expected to be utilised as property leases expire which will be between 1 and 15 years.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

29. Share capital

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
<i>Issued share capital</i>				
36,096,694 (2021: 36,096,694) ordinary shares of £1 each	36,097	36,097	36,097	36,097

Rights and restrictions related to share capital

All shares rank equally with regard to the Company's residual assets and all shares are authorized.

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
Share premium	Amounts subscribed for share capital in excess of the nominal value.
Capital redemption reserve	Amounts transferred following the redemption or purchase of a company's own shares.
Other reserves	Other reserves relates entirely to translation reserves. The translation reserve comprises all foreign exchange differences arising from the translation of entities reporting in currencies other than the presentation currency of the holding company.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

30. Non-controlling interests

	inTime £'000 2022	inTime £'000 2021
Non-current assets	137,056	146,751
Current assets	49,830	51,515
Non-current liabilities	(127,030)	(137,082)
Current liabilities	(42,406)	(42,236)
Net assets	17,450	18,948
Revenue	170,378	168,942
Loss after tax	(1,165)	(288)
Total comprehensive expense	(1,165)	(288)
Cash flows from operating activities	3,007	11,227
Cash flows from investing activities	(713)	(2,043)
Cash flows from financing activities	(8,847)	(6,635)
Net change in cash and cash equivalents	(6,553)	2,549
NCI percentage	20.0%	20.0%
Carrying amount of NCI	4,931	5,291
Profit allocated to NCI	(406)	145
OCI allocated to NCI ¹	41	(1,129)
Dividend paid to NCI	(110)	-

¹ The difference between OCI in inTime of £Nil and the OCI allocated to the NCI of inTime of £41,000 is due to the foreign currency translation reserve movement which arose due to the presentation currency of the Group being different to inTime.

The principal place of business of inTime is in the Eurozone and incorporation is in Germany.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

31. Cash generated from operating activities

	Group	
	2022	2021
	£000	£000
Reconciliation of profit before income tax to cash generated from operations:		
Profit before income tax	25,865	6,941
Depreciation and amortisation	14,269	17,947
Impairment	617	(732)
Interest paid	6,546	8,281
Interest received	(396)	(604)
Loss on disposal of property, plant and equipment	111	165
Bad debts	-	31
Other non-cash movements	(250)	(227)
(Decrease)/increase in provisions	(196)	1,199
Operating cash flow	46,566	33,001
Working capital changes	(2,217)	(1,726)
Increase in trade and other receivables	(10,033)	(9,082)
(Increase)/decrease in inventories	(4,638)	67,525
Increase/(decrease) in trade and other payables	12,454	(60,169)
Cash generated from operations	44,349	31,275

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

32. Net cash

	Group	
	2022	2021
	£000	£000
Cash and cash equivalents	51,890	38,618
Borrowings – repayable within one year	(3,469)	(3,601)
Borrowings – repayable after one year	(8,811)	(12,278)
Net cash	39,610	22,739
Cash and cash equivalents	51,890	38,618
Gross debt – variable interest rates	(11,558)	(14,305)
Gross debt – fixed interest rates	(722)	(1,574)
Net cash	39,610	22,739

33. Financial risk management and financial instruments

The Group's principal financial instruments are set out below and stated at their carrying amounts.

	Group	
	2022	2021
	£000	£000
Financial assets at amortised cost		
Trade receivables net of allowance for credit losses	47,006	38,358
Other receivables (excluding prepayments, lease straight-line debtor, FEC assets and VAT)	2,391	1,634
Loans to fellow subsidiaries	4	4
Cash and cash equivalents	51,890	38,618
	101,291	78,614
Financial liabilities at amortised cost		
Loans from fellow subsidiaries	95,133	101,078
Secured property borrowings	11,558	14,305
Liquidity facility	722	1,574
Lease liability	61,618	69,724
Trade and other payables (excluding other tax and deferred income)	137,827	131,166
	306,858	317,847

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

33. Financial risk management and financial instruments (continued)

Introduction

The Group's ultimate holding company has risk management and central treasury functions that manage the financial risks relating to the Group's operations. Together with divisional management, the risk management function takes responsibility for the identification, measurement and monitoring of risk. The central treasury provides services to the businesses, co-ordinates access to domestic and international foreign markets and manages the financial risks relating to the Group's operations. The Group's credit, liquidity, foreign currency and interest rate risks are continually monitored. In order to manage these risks, the Group's ultimate holding company has developed a risk management process to facilitate control and monitoring of these risks. The Risk Committee meets regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of risks. Senior management also meet on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury strategies against revised economic forecasts.

Risk profile

In the course of the Group's business operations it is exposed to credit, liquidity, and market risk which includes foreign currency and interest rate risk. The risk management policy of the Group relating to each of these risks is discussed under the respective headings. Where appropriate, derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes are generally expected to be offset by opposite effects on the items being hedged. The Group finances its operations through a mixture of retained profits, bank overdrafts, bank revolving credit borrowings and interest-bearing borrowings.

Capital management

The board's policy is to maintain healthy capital ratios so as to maintain investor, creditor and market confidence and to sustain future development of the business on a capital-efficient basis. The board monitors its capital structure determining the appropriate debt-to-equity ratio in light of changing economic conditions. The Group invests in growth opportunities, both organic and acquisitive, that complement its strategy applying hurdle rate methodology utilising the weighted average cost of capital (WACC). The board also monitors the level of dividends to ordinary shareholders. The board recognises debt as an important component of its capital structure in support of its leveraged business models. The optimal mix of debt and equity is determined in order to minimise the overall cost of capital and maximise shareholder value.

Credit risk

Credit risk relates to potential exposure in respect of cash and cash equivalents, loans to fellow subsidiaries, trade receivables and other receivables. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the Group obtains collateral or credit insurance on outstanding debts to mitigate risk.

Counterparties to financial instruments consist of a large number of high credit-rated financial institutions. The Group does not expect any counterparties to fail to meet their obligations, given their high credit ratings. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Counterparty credit limits are in place which are reviewed and approved by the respective subsidiary boards. Trade accounts receivable consist of a large number of customers spread across diverse industries and geographical areas. Adequate allowance for credit losses has been made. No single customer represents more than 10.0% of the Group's total revenue for the years ended or total trade receivables at 30 June 2022 and 30 June 2021.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

33. Financial risk management and financial instruments (continued)

Credit risk (continued)

	Group	
	2022	2021
	£'000	£'000
<i>The maximum exposure to credit risk at the reporting date was:</i>		
Trade receivables net of allowance for credit losses	47,006	38,358
Other receivables (excluding prepayments, lease straight-line debtor, lease receivable, FEC assets and VAT)	972	519
Cash and cash equivalents	51,890	38,618
	<u>99,868</u>	<u>77,495</u>
<i>The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:</i>		
Europe	34,953	29,362
United Kingdom and other	12,507	9,452
	<u>47,460</u>	<u>38,814</u>
<i>Gross debtors by trade debtor type</i>		
Retail debtors	12,507	3,325
End user trade debtors	-	6,127
Contract debtors	34,953	29,362
	<u>47,460</u>	<u>38,814</u>
<i>Impairment allowance of trade receivables</i>		
Balance at beginning of year	(456)	(348)
Movement in impairment allowance	3	(131)
Translation adjustment	(1)	23
Balance at end of year	<u>(454)</u>	<u>(456)</u>
<i>Made up as follows</i>		
Trade receivables	<u>(454)</u>	<u>(456)</u>

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

33. Financial risk management and financial instruments (continued)

Credit risk (continued)

The following table provides information about the credit risk exposure and expected credit losses (ECLs) for trade receivables:

Group	Trade receivables 2022				
	Gross carrying amount	Not past due	Past due	Loss allowance	Weighted average loss rate
	£000	£000	£000	£000	
0 - 30 days	29,391	28,247	1,144	1	0.0%
31 - 60 days	10,936	10,351	585	-	0.0%
61 - 90 days	4,291	3,959	332	-	0.0%
91 - 120 days	1,956	1,741	215	-	0.0%
>120 days	886	490	396	288	32.5%
	47,460	44,788	2,672	289	1.0%

Group	Trade receivables 2021				
	Gross carrying amount	Not past due	Past due	Loss allowance	Weighted average loss rate
	£000	£000	£000	£000	
0 - 30 days	24,263	22,836	1,427	7	0.0%
31 - 60 days	8,602	8,382	220	5	0.0%
61 - 90 days	4,021	3,831	190	-	0.0%
91 - 120 days	1,515	1,350	165	-	0.0%
>120 days	413	21	392	280	68.0%
	38,814	36,420	2,394	292	1.0%

The Group uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are based on actual credit losses over prior years. These rates take into account current conditions and the Group's view of expected economic conditions.

Expected credit losses are accounted for receivables which are still subject to enforcement activities and only written off when no longer enforceable.

The Group did not hold collateral for any credit risk exposures.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. To manage this risk, Group companies manage their working capital, capital expenditure and cash flow and annually assess the financial viability of customers. In order to mitigate any liquidity risk that may arise, adequate unutilised banking facilities and reserve borrowing capacity is maintained per Group policy. The Group continually monitors forecast and actual cash flows and actively matches maturity profiles of financial assets and liabilities.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

33. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

The following disclosure is based on the contractual maturities of the specific financial liabilities, including estimated interest payments:

Group	Carrying amount £'000	Within 6 months £'000	6 – 12 months £'000	1 – 2 years £'000	2 – 5 years £'000	After 5 years £'000	Total contractual cash flows £'000
2022							
Non-derivative financial liabilities							
Secured property borrowings	11,558	1,558	1,536	3,004	6,147	-	12,245
Other financial liabilities	722	436	290	-	-	-	726
Trade and other payables ¹	137,827	135,789	2,039	-	-	-	137,828
ROU lease liabilities	61,618	6,378	5,963	11,085	27,019	27,340	77,785
	211,725	144,161	9,828	14,089	33,166	27,340	228,584

2021

Non-derivative financial liabilities							
Secured property borrowings	14,305	1,528	1,513	2,980	8,892	-	14,913
Other financial liabilities	1,574	435	435	724	-	-	1,594
Trade and other payables ¹	131,166	115,140	11,148	-	887	703	127,878
ROU lease liabilities	69,724	3,998	4,496	7,748	17,133	36,349	69,724
	216,769	121,101	17,592	11,452	26,912	37,052	214,109

¹ Trade and other payables form an integral part of the day-to-day working capital structure. The maturity profile depicts the expected cash outflows excluding any increase in trade and other payables as a result of normal activity. Trade and other payables exclude VAT and deferred income.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

33. Financial risk management and financial instruments (continued)

Market risk

Market risk is the risk that changes, interest rates and foreign exchange rates will affect profit or loss and the value of the holding of the financial instrument.

Market risk comprises foreign currency and interest rate risk only.

Foreign currency risk

Exchange rates to GBP	Average rate		Closing rate	
	2022	2021	2022	2021
Euro	1.1802	1.1284	1.1627	1.1660
USD	1.3300	1.3478	1.2183	1.3834

Foreign currency risk exposure

Financial instruments analysed in Pound Sterling equivalent of foreign currency:

Group	Pound Sterling £'000	Euro £'000	Total £'000
2022			
Financial Assets			
Loans to fellow subsidiaries	-	4	4
Cash and cash equivalents	38,357	13,533	51,890
Trade and other receivables	12,935	36,462	49,397
Financial Liabilities			
Loans from fellow subsidiaries	3,105	92,028	95,133
Secured property borrowings	11,558	-	11,558
Liquidity facility	-	722	722
Trade and other payables	108,254	29,573	137,827
ROU lease liabilities	22,311	39,307	61,618
2021			
Financial Assets			
Loans to fellow subsidiaries	-	4	4
Cash and cash equivalents	18,395	20,223	38,618
Trade and other receivables	9,449	30,542	39,991
Financial Liabilities			
Loans from fellow subsidiaries	4,871	96,207	101,078
Secured property borrowings	14,305	-	14,305
Liquid facility	-	1,574	1,574
Trade and other payables	99,212	31,954	131,166
ROU lease liabilities	69,724	-	69,724

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

33. Financial risk management and financial instruments (continued)

Market risk (continued)

Sensitivity analysis on Group level

A 10.0% strengthening in the GBP against the following currencies at year-end would have (decreased)/increased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

Group	Equity		Profit or loss	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Euro	(8,931)	(6,077)	(11,163)	(7,597)

A 10.0% weakening in the GBP will have an equal and opposite effect on equity and profit or loss.

Interest rate risk

Exposure to interest rate risk on debt is monitored by management. The Group's borrowings are principally secured properties borrowings in the UK and acquisitions borrowings in Euro, following the acquisition of inTime. Borrowings from Group companies are at both fixed and floating interest rates.

Group	2022	2021
	£'000	£'000

At reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Fixed rate instruments

Financial assets	1,419	1,634
Financial liabilities	(89,135)	(88,327)
	<u>(87,716)</u>	<u>(86,693)</u>

Variable rate instruments

Financial assets	101,287	79,378
Financial liabilities	(217,723)	(229,251)
	<u>(116,436)</u>	<u>(149,873)</u>

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

33. Financial risk management and financial instruments (continued)

Interest rate risk (continued)

Sensitivity analysis:

A 100-basis point increase in the interest rate will have the following increase/(decrease) effect on profit or loss and/or equity.

The analysis assumes that all other variables, in particular currency, remain constant. The analysis is performed as follows:

Group	2022	2021
	£'000	£'000
<i>Fixed rate instruments profit/ (loss)</i>		
Loss before tax effect 100 basis point increase	(872)	(844)
Equity effect 100 basis point increase	<u>(698)</u>	<u>(675)</u>
<i>Variable rate instruments</i>		
Loss before tax effect 100 basis point increase	(1,332)	(1,999)
Equity effect 100 basis point increase	<u>(1,065)</u>	<u>(1,599)</u>

Fair value of financial instruments

The Group's financial instruments consist mainly of cash and cash equivalents, trade receivables, other receivables, trade payables, other payables, and borrowings. The recorded amount is described below as the carrying amount, otherwise known as book value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents and other non-current assets

Cash and cash equivalents

The carrying amount of cash and other financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

Short-term borrowings

The carrying amount approximates fair value because of the short yield to maturity of those instruments and the application of market related interest rates.

Long-term borrowings

The fair value of the long-term borrowings is based on the quoted market price for the same or similar borrowings or on the current rates available for borrowings with the same maturity profile and effective interest rate with similar cash flows. The fair value of non-current borrowings and other payables with variable interest rates approximates their carrying amounts.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

34. Related party transactions

Identity of related parties

The Group has related party relationships with retirement benefit funds and its key management personnel.

"Key management personnel" has been defined as the executive and non-executive directors. The definition of related parties includes the close members of family of key management personnel and any other entity over which key management exercises control, significant influence or joint control. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependents of the individual or the individual's domestic partner.

Parent entities

Bluefin Investments Limited is the parent entity. The ultimate parent and controlling entity is Super Group Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange. The Registered office, which is the location of where copies of the parents' group financial statements are available to the public, of Super Group Limited is 27, Impala Road, Chislehurst, Sandton, 2196, Johannesburg, South Africa.

Subsidiaries

Interests in subsidiaries are set out in note 18.

Transactions with fellow subsidiaries

Loans to fellow subsidiaries – Refer to note 22.

Loans from fellow subsidiaries – Refer to note 27.

	Holding company		Fellow subsidiaries	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Transactions during the year</i>				
Interest paid	119	77	2,511	2,947

Key management compensation

There are no other key management personnel who are not directors of the Company. Directors remuneration has been disclosed in note 9.

SG International Holdings Limited

Notes to the Financial Statements (continued) For the year ended 30 June 2022

35. Capital expenditure commitments and rental commitments

	Group	
	2022	2021
	£000	£000
Capital commitments		
<i>Intangible assets</i>		
Contracted	24	110
Authorised by directors but not yet contracted	95	190
Total authorised by directors	<u>119</u>	<u>300</u>
<i>Property, plant and equipment</i>		
Contracted	4,268	2,091
Authorised by directors but not yet contracted	3,163	964
Total authorised by directors	<u>7,431</u>	<u>3,055</u>

This capital expenditure will be financed by proceeds on disposal of related assets, funds generated by the businesses and borrowing facilities available to the Group.

The Group leases property, transport fleet and other equipment. From 1 July 2019, the Group has recognised right of use assets for these assets except for the short term and low value leases (see note 16). The rental commitments for short term and low value leases were £Nil (2021: £Nil).