

Company registration number
01487644

BCA Outsource Solutions Limited
Report and Financial Statements
For the year ended 3 April 2022



BCA Outsource Solutions Limited Report and Financial Statements

Contents

	Page
Company information	1
Strategic report	2
Directors' report	4
Independent auditors' report	6
Income statement	9
Statement of changes in equity	10
Balance sheet	11
Notes to the financial statements	12

BCA Outsource Solutions Limited

Company information

Directors

T G Lampert
S J Pearson
C S Purvey
N Shah

Company secretary

M R Letza

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Road
Watford
WD17 1JJ

Registered office

Form 2
18 Bartley Wood Business Park, Bartley Way
Hook
Hampshire
RG27 9XA

Company registration number

01487644

BCA Outsource Solutions Limited

Strategic report For the year ended 3 April 2022

The Directors present their Strategic report for BCA Outsource Solutions Limited (the 'Company') for the year ended 3 April 2022.

Principal activity

The Company's principal activity is the purchase and subsequent remarketing of motor vehicles.

The Company is part of a group of companies that consists of Constellation Automotive Group Limited and its subsidiaries (the 'Group').

Review of the business

The Company's loss for the year was £25.1m (year ended 28 March 2021: profit of £3.9m).

As at 3 April 2022 the Company had net liabilities of £21.4m (28 March 2021: net assets of £3.7m) and net current liabilities of £21.8m (28 March 2021: net current assets of £3.5m).

Following a year heavily impacted by the covid-19 pandemic and related lockdowns, business activity increased significantly during FY22 including a number of new workstreams. The growth in activity and on boarding of these new work streams coincided with a turbulent market exemplified by significant volatility in used car prices, along with supply chain issues and labour shortages. This volatility created challenges in the core activities of the business and contributed to the loss made in the year.

Post year-end, the macro-economic issues including the Russian invasion of Ukraine, increase in energy costs and general cost of living crisis have continued to create challenging market conditions.

Section 172(1)

The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company (having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year. These matters are set out in detail in the Constellation Automotive Group Limited Annual Report and Accounts for the year ended 3 April 2022 and are summarised below:

- **The long term:** The board have long term plans in place designed to have a long term beneficial impact on the Company.
- **Employees:** Our employees are key to our success. The Company has continued to advocate it's promote from within philosophy.
- **Business relationships:** The board is committed to fostering the Company's business relationships with suppliers, customers, and other stakeholders.
- **Community & environment:** The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact.
- **High standards of business conduct:** Our intention is to ensure that we and our colleagues operate the Company in an ethical and responsible way. A healthy corporate culture is the cornerstone of high standards of business conduct and governance.

The Company's operations and strategic decision-making are closely integrated with the wider Group and therefore the promotion of its success is consistent with that set out in Constellation Automotive Group Limited Annual Report and Accounts for the year ended 3 April 2022. The Group's Board of Directors' works closely with the Company's Directors in performance and initiative reporting including stakeholder analysis.

Principal risks and uncertainties

The key risks and uncertainties affecting the Company relate to the flow of vehicles through its services, changes in the political, economic and regulatory environment, and continued operational performance of key systems. The Directors manage these by meeting on a regular basis to discuss these risks.

Financial risk management

The Company does not directly manage the financial risks. Constellation Automotive Group Limited ('CAGL') manages financial risk on a Group basis as described in the Strategic report of the CAGL Annual Report and Accounts.

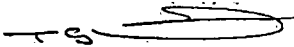
BCA Outsource Solutions Limited

Strategic report For the year ended 3 April 2022

Key performance indicators

Key performance indicators of the Company are revenue, adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation, and significant or non-recurring items, as defined in the Constellation Automotive Group Limited accounting policies) and the volume of vehicles processed. The volume of vehicles processed is the key driver of performance, which is then monitored against revenue and adjusted EBITDA to show how the volume is being converted into profit. They are monitored and reviewed at the segmental and Group level as described in the Strategic report of the Constellation Automotive Group Limited Annual Report and Accounts.

This report was approved by the Board of Directors on 21 December 2022 and signed on its behalf.



**T G Lampert
Director**

BCA Outsource Solutions Limited

Directors' report For the year ended 3 April 2022

The Directors present their report and audited financial statements for the Company for the year ended 3 April 2022.

Future developments

The Directors expect the Company's volumes to grow as the business becomes more established and continues to offer services which complement the Group's activities.

Dividends

During the year an interim dividend totalling £nil (year ended 28 March 2021: £3.0m) was proposed and paid. No final dividend is proposed (year ended 28 March 2021: £nil).

Financial risk management

The financial risks the Company is exposed to are set out in the Strategic report on page 2.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

T G Lampert
S J Pearson
C S Purvey
N Shah

Directors' indemnity

Throughout the year and up to the date of approval of the financial statements the Company, through a Group policy, provided an indemnity for its Directors and Officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 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 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 company and of the profit or loss of the company 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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, 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 company will continue in business.

The directors are responsible for safeguarding the assets of the 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

BCA Outsource Solutions Limited

Directors' report (continued) For the year ended 3 April 2022

Directors' confirmations

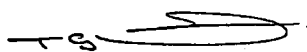
In the case of each Director in office at the date the Directors' Report is approved:

- so far as they are aware, there is no relevant audit information of which the 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 Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the Board of Directors on 21 December 2022 and signed on its behalf.



**T G Lampert
Director**

BCA Outsource Solutions Limited

Independent auditors' report to the members of BCA Outsource Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion, BCA Outsource Solutions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 3 April 2022 and of its loss for the year then ended;
- 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 3 April 2022; the Income statement and the Statement of changes in equity 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 company 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 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 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.

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 Director's 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:

BCA Outsource Solutions Limited

Independent auditors' report to the members of BCA Outsource Solutions Limited (continued)

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 Director's report for the year ended 3 April 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's 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 director's 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporate tax compliance, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 inappropriate posting of journals to manipulate the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management at multiple levels across the business throughout the period. These discussions have included consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing unusual journal entries. In particular, journal entries posted with unusual account combinations;
- Incorporating elements of unpredictability into the audit procedures performed;
- Financial statement review procedures in relation to Companies Act 2006 requirements; and
- Audit of corporation tax including tax disclosures within the financial statements

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.

BCA Outsource Solutions Limited

Independent auditors' report to the members of BCA Outsource Solutions Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

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 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
21 December 2022

BCA Outsource Solutions Limited

Income statement

	Note	Year ended 3 April 2022 £000	Year ended 28 March 2021 £000
Revenue		2,111,045	976,202
Cost of sales		(2,111,213)	(969,308)
Gross (loss)/profit		(168)	6,894
Administrative expenses		(29,104)	(2,233)
Operating (loss)/profit	4	(29,272)	4,661
Finance expense	6	(1,678)	(188)
Finance expense - net	6	(1,678)	(188)
(Loss)/profit on ordinary activities before income tax		(30,950)	4,473
Income tax	7	5,887	(616)
(Loss)/profit for the year		(25,063)	3,857

The Company has no income other than that included in the results above and, therefore, no separate statement of comprehensive income has been presented.

BCA Outsource Solutions Limited

Statement of changes in equity

	Note	Share capital £000	Retained earnings / (accumulated deficit) £000	Total shareholder's funds / (deficit) £000
Balance as at 29 March 2020		-	2,817	2,817
Profit for the year		-	3,857	3,857
Total comprehensive income for the year		-	3,857	3,857
Dividends	14	-	(3,000)	(3,000)
Total transactions with owner recognised directly in equity		-	(3,000)	(3,000)
Balance as at 28 March 2021		-	3,674	3,674
Loss for the year		-	(25,063)	(25,063)
Total comprehensive expense for the year		-	(25,063)	(25,063)
Balance as at 3 April 2022		-	(21,389)	(21,389)

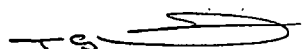
BCA Outsource Solutions Limited

Balance sheet

	Note	As at 3 April 2022 £000	As at 28 March 2021 £000
Fixed assets			
Property, plant and equipment	8	423	158
Current assets			
Inventories	9	170,742	136,886
Trade and other receivables	10	14,157	23,527
Cash and cash equivalents		2,434	5,262
		187,333	165,675
Creditors: amounts falling due within one year	11	(209,145)	(162,159)
Net current (liabilities)/assets		(21,812)	3,516
Total assets less current liabilities		(21,389)	3,674
Net (liabilities)/assets		(21,389)	3,674
Equity			
Share capital	13	-	-
(Accumulated deficit)/retained earnings		(21,389)	3,674
Total shareholder's (deficit)/funds		(21,389)	3,674

The notes on pages 12 to 21 are an integral part of these financial statements.

The financial statements on pages 9 to 21 were authorised for issue by the Board of Directors on 21 December 2022 and were signed on its behalf.



T G Lampert
Director

Company registration number: 01487644

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

1 General information

The Company is a private limited company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is Form 2, 18 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9XA.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 101 ("Reduced Disclosure Framework"), under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The following exemptions from the requirements of IFRS are being applied in the preparation of these financial statements, in accordance with FRS 101:

- The disclosure of the categories of financial instruments and the nature and extent of risks arising on these financial instruments;
- The requirement to disclose the valuation techniques applied to assets and liabilities held at fair value;
- The requirement to provide comparative information in respect of a reconciliation of the carrying amount of each class of tangible assets at the beginning of the period;
- The requirement for an explicit and unreserved statement of compliance with IFRSs;
- The requirement to disclose information relating to the Company's objectives, policies and processes for managing capital;
- The requirement to publish a statement of cash flows;
- The requirement to disclose the future impact of a new IFRS in issue but not effective at the reporting date;
- The requirement to disclose compensation for key management between short term employee benefits, post-employment benefits and other long term benefits; and
- The requirements to disclose related party transactions entered into between two or more, wholly owned, members of a group.

2.2 Going concern

The Company meets its day to day working capital requirements through its cash reserves and through support from Constellation Automotive Holdings Limited. The Company has net current liabilities of £21.8m and Constellation Automotive Holdings Limited has confirmed its willingness to support the Company for at least twelve months from the date the balance sheet is signed. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Changes in accounting policy and disclosures

There were no new standards, amendments to accounting standards, or IFRIC interpretations effective for the year ended 3 April 2022 that have had a material impact on the Company.

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

2 Summary of significant accounting policies (continued)

2.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Motor vehicles	4 years
----------------	---------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. Depreciation is charged to the income statement as an administrative expense.

2.5 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.6 Inventories

Inventories represent vehicles acquired by the Company that have not yet been sold and where the Company has the risk and reward of ownership of such vehicles. Inventories are stated at the lower of purchase cost, and net realisable value. Cost represents expenses incurred in bringing each product to its present location and condition. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on completion of the sale and disposal. Inventory is reviewed for impairment and a provision recorded where net realisable value has fallen below cost.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

2.8 Financial liabilities

Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

2 Summary of significant accounting policies (continued)

2.9 Financial assets

Classification

The Company classifies its financial assets as loans and trade receivables. Management determines the classification of its financial assets at initial recognition.

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. These loans and trade receivables do not contain a significant financing component and are initially recognised at the transaction price. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and trade receivables comprise trade and other receivables in the balance sheet.

Impairment of financial assets

Impairment provisions are recognised under the expected credit loss model on initial recognition of the receivable. The expected credit loss model is calculated using the simplified approach as there is no significant financing component. This approach requires expected lifetime losses to be recognised based on an expected default rate.

For trade receivables, which are reported net of any provisions, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Revenue recognition

Revenue from outsourced remarketing contracts, where the Company takes legal title of certain vehicles based on contractual agreements, represents the vehicle sale proceeds obtained when the vehicle is sold and is recognised on the date of sale. Where the Group does not obtain control, revenue represents the fees for the outsourced remarketing services provided and not the value of the vehicle sold.

All of the Company's revenue is generated in the United Kingdom and is related to a single category of business, being the sale of goods.

2.12 Employee benefits

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

2 Summary of significant accounting policies (continued)

2.13 Current and deferred income tax

The tax credit for the year comprises current and deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's deficit. In this case, the tax is also recognised in other comprehensive income or directly in shareholder's deficit, respectively.

The current tax credit is the expected tax receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxes payable in respect of previous periods. Current tax assets and liabilities are offset only if certain criteria are met.

Provisions for uncertain tax positions are recognised when the Company has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that the Company operates, and are measured as appropriate on an expected value or most likely outcome method, in line with the interpretation issued in IFRIC 23.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with any conditions attaching to them; and that the grants will be received.

The Company recognises income from government grants in the income statement as other operating income.

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

3 Critical accounting judgements and estimates

The preparation of the Company's financial statements requires the Directors and management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Accounting policies are reviewed annually for appropriateness. Estimates and judgements are evaluated continually and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, with any changes arising being recognised in the period in which the change in estimate is made or the final result determined.

Certain of the Company's significant accounting policies are considered by the Directors to be critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These are discussed below:

Estimates

The Directors consider that the following estimates and assumptions are likely to have the most significant effect on the amounts recognised in these financial statements:

Inventory provision

The Company recognises a provision for the inventories held at the balance sheet date which is calculated by extrapolating the current market conditions to the inventories held at the balance sheet date.

Judgements

There are no critical accounting judgements impacting these financial statements.

4 Operating (loss)/profit

Operating (loss)/profit is stated after crediting:	Year ended 3 April 2022 £000	Year ended 28 March 2021 £000
Profit on disposal of property, plant and equipment	49	33
<hr/>		
Operating (loss)/profit is stated after charging:	Year ended 3 April 2022 £000	Year ended 28 March 2021 £000
Wages and salaries	1,445	1,048
Social security costs	157	126
Other pension costs	37	28
Staff costs	1,639	1,202
<hr/>		
Depreciation of property, plant and equipment	104	60
Services provided by the Company's auditors - Fees payable for the audit	49	46

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

4 Operating (loss)/profit (continued)

Government grants

During the prior year, the Company received government grants primarily from the UK Government's Coronavirus Job Retention Scheme ('CJRS') and other equivalent government schemes across Europe. Total grant income for the year of £nil (year ended 28 March 2021: £0.1m) was recognised as other operating income and enables the Company to continue the employment of staff who were unable to contribute to the trading activity of the Company as a result of covid-19 related restrictions.

5 Employees and directors

Employees

The average monthly number of people (including Executive Directors) employed by the Company during the year was:

	Year ended 3 April 2022 Number	Year ended 28 March 2021 Number
By activity		
Administration and management	21	17
Sales	10	9
	31	26

Directors

The emoluments of one (year ended 28 March 2021: one) Director are paid by Constellation Automotive Limited which makes no recharge to the Company. This Director is a director of a number of fellow subsidiaries in the Constellation Automotive Group Limited and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

The emoluments of three (year to 28 March 2021: three) Directors are paid by British Car Auctions Limited, a fellow group undertaking which makes no recharge to the Company. These Directors are directors of British Car Auctions Limited and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of these Directors. The total emoluments for these Directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of British Car Auctions Limited.

6 Finance expense

	Year ended 3 April 2022 £000	Year ended 28 March 2021 £000
Finance expense		
Interest payable to Group undertakings	(1,678)	(70)
Other interest payable	-	(118)
Total finance expense	(1,678)	(188)
Net finance expense	(1,678)	(188)

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

7 Income tax

Tax (credit)/charge included in the income statement

	Year ended 3 April 2022 £000	Year ended 28 March 2021 £000
Current tax:		
Adjustment in respect of prior periods	1	-
Group relief surrendered (to)/from Group undertakings for payment	(5,877)	616
Total current tax	(5,876)	616
Deferred tax:		
Origination and reversal of temporary differences	(10)	(2)
Adjustments in respect of previous periods	(1)	2
Total deferred tax	(11)	-
Income tax (credit)/charge on (loss)/profit on ordinary activities	(5,887)	616

Income tax (credit)/charge for the year is higher than (year ended 28 March 2021: lower than) the standard rate of corporation tax in the UK for the year ended 3 April 2022 of 19.0% (year ended 28 March 2021: 19.0%). The differences are explained below:

Income tax reconciliation	Year ended 3 April 2022 £000	Year ended 28 March 2021 £000
(Loss)/profit on ordinary activities before income tax	(30,950)	4,473
(Loss)/profit multiplied by the standard rate of tax in the UK of 19.0% (year ended 28 March 2021: 19.0%)	(5,881)	850
Effects of:		
Group relief claimed from Group's undertakings for reduced payments	-	(232)
Impact of rate difference between deferred and current tax	(2)	-
Tax rate change	(4)	-
Adjustments in respect of previous periods	-	(2)
Tax (credit)/charge	(5,887)	616

On 3 March 2021 it was announced that the UK's main rate of corporation tax would increase from 19% to 25% from 1 April 2023. The increase in the rate was substantively enacted on 24 May 2021 and therefore deferred tax balances have been measured using these enacted tax rates in these financial statements.

Payment for group relief for the current and prior years is made based on the cash tax benefit received and amounts are included within the current tax disclosures.

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

8 Property, plant and equipment

	Motor vehicles £000	Total £000
Cost		
As at 29 March 2021	226	226
Additions	519	519
Disposals	(240)	(240)
As at 3 April 2022	505	505
Accumulated depreciation		
As at 29 March 2021	68	68
Charge for the year	104	104
Disposals	(90)	(90)
As at 3 April 2022	82	82
Net book value:		
As at 3 April 2022	423	423
As at 28 March 2021	158	158

9 Inventories

	As at 3 April 2022 £000	As at 28 March 2021 £000
Vehicles for resale	170,742	136,886

There is no significant difference between the replacement cost of inventories and their carrying amounts. Inventories are stated after provision for impairment of £8.0m (28 March 2021: £2.1m).

Inventories recognised as an expense and charged to the income statement during the year were £2,008.0m (28 March 2021: £948.9m).

10 Trade and other receivables

	As at 3 April 2022 £000	As at 28 March 2021 £000
Trade receivables	145	1,965
Amounts owed by Group undertakings	13,839	20,914
Amounts owed by related parties	-	298
Prepayments and accrued income	145	333
Deferred tax asset (note 12)	28	17
	14,157	23,527

Amounts owed by Group undertakings are unsecured, repayable on demand and bear interest at rates up to SONIA plus 2.00% (28 March 2021: up to the three month British pound sterling LIBOR plus 2.00%) per annum.

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

11 Creditors: amounts falling due within one year

	As at 3 April 2022 £000	As at 28 March 2021 £000
Trade creditors	51,155	32,014
Amounts owed to Group undertakings	90,731	42,134
Taxation and social security	12,306	971
Corporation tax	-	1,232
Accruals and deferred income	54,953	85,808
	209,145	162,159

Amounts owed to Group undertakings are unsecured, repayable on demand and bear interest at up to SONIA plus 2.0% per annum (28 March 2021: do not bear interest).

12 Deferred tax

	Depreciation in excess of capital allowances £000
As at 29 March 2020	17
As at 28 March 2021	17
Credited to the income statement	11
As at 3 April 2022	28

13 Share capital

Authorised, allotted and fully paid

	Number	£000
Ordinary shares of £1.00 each		
As at 28 March 2021 and 3 April 2022	2	-

14 Dividends

During the year, no interim dividend was proposed (year ended 28 March 2021: an interim dividend of £3.0m, £1.5m per share was proposed and paid). No final dividend is proposed (year ended 28 March 2021: £nil).

15 Related party transactions

The Company has taken advantage of the exemptions conferred by FRS 101 in paragraphs 8(j) and 8(k) relating to IAS 24, including the requirements to disclose related party transactions entered into between two or more, wholly owned, members of a group.

BCA Outsource Solutions Limited

Notes to the financial statements For the year ended 3 April 2022

16 Ultimate controlling party

The Company's ultimate controlling party is TDR Capital LLP, a UK Limited Liability Partnership registered in England and Wales. The Company's ultimate parent is Constellation Automotive Topco Sarl, a company incorporated in Luxembourg. The Company is a wholly owned subsidiary of BCA Trading Limited. Constellation Automotive Holdings Limited is the largest and Constellation Automotive Group Limited is the smallest undertaking that consolidates these financial statements. The registered office of Constellation Automotive Holdings Limited and Constellation Automotive Group Limited is Form 2, 18 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9XA. The consolidated financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

On 4 October 2021, Constellation Automotive Group Limited was acquired by a new intermediate parent company, Constellation Automotive Holdings Limited, a company incorporated in the United Kingdom. The ultimate controlling party remains TDR Capital LLP ('TDR'), a Limited Liability Partnership incorporated in the United Kingdom.