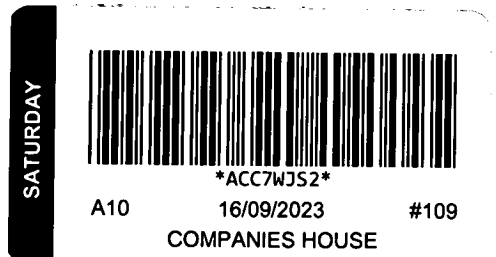


**CEX (FRANCHISING) LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

Christiansons Ltd  
Chartered Certified Accountants  
& Statutory Auditors  
Sterling House  
Fulbourne Road  
Walthamstow  
London  
E17 4EE



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FOR THE YEAR ENDED 31 DECEMBER 2022**

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**CEX (FRANCHISING) LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**DIRECTORS:**

Mr T Bijlani  
Mr N Bijlani  
Mr D G R Butler  
Mr J M Derwent  
Mrs M Dudani  
Mr J P Eygelaar  
Mr H Y Man  
Mr D J Mullins  
Mr F E Orchard

**REGISTERED OFFICE:**

Sterling House, Fulbourne Road  
Walthamstow  
London  
E17 4EE

**REGISTERED NUMBER:**

05592492 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Mr C A Joannou BSc, MSc, FCCA

**AUDITORS:**

Christiansons Ltd  
Chartered Certified Accountants  
& Statutory Auditors  
Sterling House  
Fulbourne Road  
Walthamstow  
London  
E17 4EE

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

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

The company operates franchise shops in the UK selling second hand electronic and technology products.

**REVIEW OF BUSINESS**

The results of the company for the period show a profit on ordinary activities before tax of £2,728,673 ( 2021: £1,955,089). The shareholders' funds of the company total £19,774,670 ( 2021: £17,569,198).

The business activities have now recovered from the negative effects from the pandemic and finds itself maneuvering through developments relating to cost of living crises.

As life is returning to the new normal it is expected that the activities will revert to the previous level over the next few years. The company is well established and will continue to strengthen its strategy by granting new franchise licences to high street shops in prime locations.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to an ongoing review by management and Board approval. Compliance with regulation, legal and ethical standards is a high priority for the company and the Compliance team and Finance department take on an important oversight role in this regard.

The company has developed a framework for identifying risk exposure and their impact on economic capital. This process is risk based and uses Individual Capital Assessment principles to manage our capital requirements and to ensure we have the financial strength and capital adequacy to support the growth of the business and to meet the requirements of our customers.

The principal risks from our business arise from inaccurate assessment of franchisees; inappropriate training of franchisees; insufficient monitoring of the franchise businesses and franchisees selling prices not adjusted to match demand and supply at a given time.

The company is also exposed to financial risks arising primarily from non-collectability of trade debtors it holds. Our risk management strategies includes granting franchise licence to businesses with proven track record in running a successful business and nurturing the franchise business in early years and providing support and assistance depending on specific needs which are approved by the Commercial department which is overseen by the board and communicated clearly throughout the business.

**BUSINESS ENVIRONMENT**

The UK franchise market is competitive, particularly in the high street retail sectors where our business is focused. Many companies have entered the market and are offering similar products, giving rise to comparative pricing structures. The impact of technology has been enormous and it is essential that we keep abreast of advances in this area, especially in relation to the risk management and products selection arenas.

**STRATEGY**

The company's success is dependent on the proper selection, pricing and ongoing management of the risks it accepts. In franchise of second hand technological products and games hardware and DVD franchise market, we have continued to consolidate our position. We believe it is important to retain a diversified portfolio of risks in order to achieve maximum profitability in this competitive marketplace. We continue to monitor, review and refocus the alignment of product ranges. Our strong distribution network will allow us to increase product levels in this sector and enhance our market share.

The company continue to concentrate its efforts on achieving maximum growth in its existing market. We aim to improve efficiency in all areas of our operations through cost reduction; more disciplined franchise management and early warning diagnostic assessment of franchisee performance. We ensure that customer service remains a top priority of the franchisee operated by the company.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022

**KEY PERFORMANCE INDICATORS ('KPIS')**

The Board monitors the progress of the business by reference to the following KPIs:

	2022	2021
Gross profit	12.4%	10.95%
Net Profit	7.63%	6.97%
Return on capital employed	12.55%	12.27%
Profit for period after tax in relation to average equity shareholders' funds	11.81%	10.86%
Trade debtor days	63	45

The company is conscious of environmental matters and positively encourage the franchisees to conserve usage of paper and other resources at its disposal responsibly. All machinery and electrical equipment which require disposal by the franchisees are handled through specific environmental firms.

**FINANCIAL REVIEW**

We have delivered a strong performance this year. The company achieved significant revenue growth in the UK Franchise business, due to an acceleration in the rate of demand as the economy has recovered from the Covid-19 pandemic. At the same time we have continued to transform our business to support future growth: we continued our good progress and strengthening our teams and investing in technology to ensure future growth. This supports our ability to capitalise at pace on the structural growth opportunities available in the UK.

**Company Highlights**

- . Revenue increased 38% to £19.86 million (2021: £14 million), reflecting an acceleration in demand as the country recovers from Covid-19.
- . Statutory profit before tax of £ 2.72 million (2021: £1.96 million).
- . Strong balance sheet, with cash and other financial assets of £25.5 million as at the end of the year.(2021: £22.64 Million)

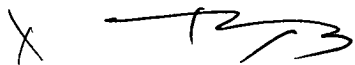
**FUTURE DEVELOPMENTS**

Uncertainties of Brexit remain while effects of pandemic are unsubstantiated and could affect businesses for years to come. The uncertain economic environment will continue to evolve over the next two to three years. Interest rates are predicted to increase over the short to medium term. Turnover of franchises is expected to increase however, due to the uncertainties over inflation will have a direct effect on the income charged by the company to these franchises.

The company continues to look for new franchisees to generating new business where possible .

The directors are confident that the company will continue to meet all future capital requirements.

**ON BEHALF OF THE BOARD:**

  
.....  
Director

Date: 13/09/2023

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

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The directors present their report with the financial statements of the company for the year ended 31 December 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of Franchise operator.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2022.

**FUTURE DEVELOPMENTS**

The company continues to focus on increasing franchise presence at prime location high street as a means of sustaining high turnover levels. To this end the company is continuously investing in resources for opening new franchise shops and to monitor and maintain the highest service standards.

The consolidation of existing franchises together with the basis laid for future growth, will continue to lead to improvements in the company's performance.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mr T Bijlani  
Mr N Bijlani  
Mr D G R Butler  
Mr J M Derwent  
Mrs M Dudani  
Mr J P Eygelaar  
Mr H Y Man  
Mr D J Mullins  
Mr F E Orchard

**GUIDANCE FOR FY 2023**

The franchises continue to experience demand weakness in high street shops resulting from worries over high inflation.

Given the ongoing uncertainty and the potential impact of inflation, it is not possible to give accurate guidance. The company is however resilient with a strong balance sheet and substantial cash liquidity to withstand the current weakness. We have an experienced management team, which can respond quickly to changing market conditions and are strongly positioned for the expected recovery in demand.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors, a strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Christiansons Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

X   
.....  
Mr D G R Butler - Director

Date: 13/09/2023

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
CEX (FRANCHISING) LIMITED**

---

**Opinion**

We have audited the financial statements of Cex (Franchising) Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
CEX (FRANCHISING) LIMITED**

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**Capability of the audit in detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the entity and its industry, we identified that the principle risks of non-compliance with laws and regulations related to the UK Tax legislation, employment regulation, Health & Safety regulation and money laundering.

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 preparation of the financial statements, such as Companies Act 2006.

Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
- knowledge of the industry in which the client operates; and
- understanding of the legal and regulatory requirements specific to the Company including the provisions of the applicable legislation and the applicable statutory provisions.

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 principle risks were related to inappropriate journal entries to manipulate financial performance, and management bias through judgements and assumptions in significant accounting estimates.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
CEX (FRANCHISING) LIMITED**

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Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with management their policies and procedures regarding compliance with laws and regulations including consideration of known or suspected instances of non-compliance and fraud;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of any acts by the Company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate the risks relating to irregularities and fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing in particular any journal entries posted with unusual account combinations focusing on journals impacting fee income, cash, related party transactions and expenses; and
- Challenging judgements and assumptions made by management in their key accounting judgements and estimation uncertainty.

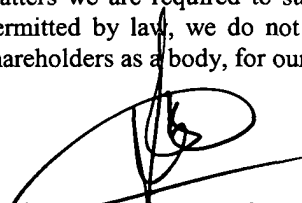
Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Mr C A Joannon, BSc, MSc, FCCA (Senior Statutory Auditor)  
for and on behalf of Christiansons Ltd  
Chartered Certified Accountants  
& Statutory Auditors  
Sterling House  
Fulbourne Road  
Walthamstow  
London  
E17 4EE

Date: .....13/9/2023.....

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

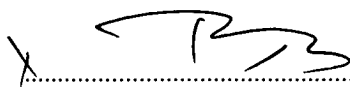
	Notes	31.12.22 £	31.12.21 £
<b>TURNOVER</b>	3	35,776,217	28,042,669
Cost of sales		31,341,680	24,971,700
<b>GROSS PROFIT</b>		4,434,537	3,070,969
Administrative expenses		1,705,864	1,128,466
		2,728,673	1,942,503
Other operating income		-	14,974
<b>OPERATING PROFIT</b>	5	2,728,673	1,957,477
Interest receivable and similar income		-	756
		2,728,673	1,958,233
Interest payable and similar expenses	6	-	3,144
<b>PROFIT BEFORE TAXATION</b>		2,728,673	1,955,089
Tax on profit	7	523,201	319,090
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,205,472	1,635,999
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		2,205,472	1,635,999

The notes form part of these financial statements

**BALANCE SHEET**  
**31 DECEMBER 2022**

	Notes	31.12.22 £	£	31.12.21 £	£
<b>FIXED ASSETS</b>					
Investments	8		2,040		2,040
<b>CURRENT ASSETS</b>					
Debtors	9	18,500,241		17,067,626	
Cash at bank		7,017,869		5,577,640	
		<u>25,518,110</u>		<u>22,645,266</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	10	5,591,794		4,899,144	
<b>NET CURRENT ASSETS</b>			<u>19,926,316</u>		<u>17,746,122</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,928,356</u>		<u>17,748,162</u>
<b>PROVISIONS FOR LIABILITIES</b>	12		<u>153,686</u>		<u>178,964</u>
<b>NET ASSETS</b>			<u><u>19,774,670</u></u>		<u><u>17,569,198</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		101		101
Retained earnings	14		<u>19,774,569</u>		<u>17,569,097</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>19,774,670</u></u>		<u><u>17,569,198</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on ..... and were signed on its behalf by:

  
.....  
Mr D G R Butler - Director

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

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2021</b>	101	15,933,098	15,933,199
<b>Changes in equity</b>			
Total comprehensive income	-	1,635,999	1,635,999
<b>Balance at 31 December 2021</b>	101	17,569,097	17,569,198
<b>Changes in equity</b>			
Total comprehensive income	-	2,205,472	2,205,472
<b>Balance at 31 December 2022</b>	101	19,774,569	19,774,670

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	31.12.22 £	31.12.21 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,010,466	1,611,558
Interest paid		-	(3,144)
Tax paid		(380,178)	(399,894)
Net cash from operating activities		<u>630,288</u>	<u>1,208,520</u>
<b>Cash flows from investing activities</b>			
Interest received		-	756
Net cash from investing activities		<u>-</u>	<u>756</u>
<b>Cash flows from financing activities</b>			
Due from related company		923,851	-
Due from group company		(113,910)	(663,801)
Net cash from financing activities		<u>809,941</u>	<u>(663,801)</u>
<b>Increase in cash and cash equivalents</b>		<u>1,440,229</u>	<u>545,475</u>
<b>Cash and cash equivalents at beginning of year</b>	2	5,577,640	5,032,165
<b>Cash and cash equivalents at end of year</b>	2	<u><u>7,017,869</u></u>	<u><u>5,577,640</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.22	31.12.21
	£	£
Profit before taxation	2,728,673	1,955,089
Finance costs	-	3,144
Finance income	-	(756)
	<u>2,728,673</u>	<u>1,957,477</u>
(Increase)/decrease in trade and other debtors	(2,242,556)	6,511,879
Increase/(decrease) in trade and other creditors	524,349	(6,857,798)
	<u>1,010,466</u>	<u>1,611,558</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>7,017,869</u>	<u>5,577,640</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>5,577,640</u>	<u>5,032,165</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
<b>Net cash</b>			
Cash at bank	<u>5,577,640</u>	<u>1,440,229</u>	<u>7,017,869</u>
	<u>5,577,640</u>	<u>1,440,229</u>	<u>7,017,869</u>
<b>Total</b>	<u>5,577,640</u>	<u>1,440,229</u>	<u>7,017,869</u>

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

---

1. STATUTORY INFORMATION

Cex (Franchising) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standards 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention.

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

**Significant judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Recognition of Licence fee income relating to franchise agreement**

Significant judgement is required in the company recognising income relating to Licence fees which is charged at the beginning of signing a franchising agreement for an initial number of years with option to extend it for a further number of years. An assessment is made relating to each franchising agreement and related income is recognised if considered appropriate over the overall number of years over which a franchise agreement is expected to last. This is however reconsidered at each year end as to whether there is sufficient evidence of reasonable certainty expected relating to estimated duration each contract is expected to run. Such evidence includes the profitability of the franchise, the remaining period of lease, and the likelihood of the extension of lease in line with the agreement if applicable.

If indications exist at the year end that a franchising agreement will be terminated before the full term, the balance of unrecognised income is recognised in the profit and loss account over the balance of the remaining period over which the individual franchise is expected to last. The assessment of amount of deferred licence income is continuous and the methodology and assumptions used for estimating the income allocation are reviewed and adjusted accordingly at each year end.

**Provision for bad and doubtful debts**

The company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

**Corporation tax**

Significant judgement is required in determining the provision for corporation taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the corporation tax and deferred tax provisions in the period in which such determination is made.



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

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2. ACCOUNTING POLICIES - continued

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable excluding value added tax and net of discounts. The policies adopted for the recognition of turnover are as follows:

**Rendering of Management fees and other services**

Management fee and other related fees receivable for services provided are recognised as turnover when the company obtains the right to consideration under individual franchise agreement. Fees earned but not invoiced by the balance sheet date are treated as accrued income.

**Licence fees services**

Licence Fees receivable are accrued evenly over the period of franchise Licences. When the period over which a franchise agreement is expected to last can be estimated reliably, licence fee income is recognised as turnover over the full period of franchise agreement. Only a proportion of the total licence fees received in the year together with brought forward deferred income are recognised and the balance is carried forward as deferred income. The likelihood of the agreement lasting over the balance of the full expected life is reviewed at each balance sheet date.

At each year end if the period over which a franchise agreement is expected to run cannot be measured reliably, licence fees are recognised as turnover over the balance of the initial period of the franchise agreement or if shorter over the period the agreement is likely to last.

**Rechargeable expenses**

Rechargeable expenses relate to costs incurred by the company on behalf of the franchises which are invoiced to the franchise and only incurred after the amounts are received in full.

**Interest receivable**

Interest income is recognised using the effective interest method.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

2. ACCOUNTING POLICIES - continued

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged as expenditure in the period to which they relate.

**Debtors receivable within one year**

Debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure in other administrative expenses.

**Creditors payable within one year**

Creditors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure in other administrative expenses.

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

**Employee Benefits**

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**Provision for liabilities**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a present event. It is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the profit and loss account in the period it arises.

**Provisions for annual leave**

The company encourages all employees to take all their holiday entitlement each year to maintain a healthy work-life balance. Holidays entitlement coincides with the year end and therefore no provision is recognised in the accounts.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

4. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21
	£	£
Wages and salaries	1,073,464	721,102
Social security costs	120,003	84,770
Other pension costs	9,712	8,791
	<u>1,203,179</u>	<u>814,663</u>

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

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	31.12.22	31.12.21
Management	9	9
Administration	10	10
	<u>19</u>	<u>19</u>

	31.12.22	31.12.21
	£	£
Directors' remuneration	447,804	214,038
	<u>447,804</u>	<u>214,038</u>

Information regarding the highest paid director is as follows:

	31.12.22	31.12.21
	£	£
Emoluments etc	248,841	123,791
	<u>248,841</u>	<u>123,791</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.22	31.12.21
	£	£
Auditors' remuneration	55,000	49,500
Auditors' remuneration for non audit work	6,000	5,500
Foreign exchange differences	2,812	-
	<u>63,812</u>	<u>55,000</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.22	31.12.21
	£	£
Interest on corporation tax	-	3,144
	<u>-</u>	<u>3,144</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.22	31.12.21
	£	£
Current tax:		
UK corporation tax	548,479	380,178
Deferred tax	(25,278)	(61,088)
Tax on profit	<u>523,201</u>	<u>319,090</u>

UK corporation tax was charged at 19% in 2021.

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

7. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22	31.12.21
	£	£
Profit before tax	<u>2,728,673</u>	<u>1,955,089</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	518,448	371,467
Effects of:		
Expenses not deductible for tax purposes	30,031	8,711
Deferred Tax	<u>(25,278)</u>	<u>(61,088)</u>
Total tax charge	<u>523,201</u>	<u>319,090</u>

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	<u>2,040</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>2,040</u>
At 31 December 2021	<u>2,040</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**We Buy Mexico S A De C V**

Registered office:

Nature of business: 2nd hand electronic goods

	%	31.12.22	31.12.21
	holding	£	£
Class of shares:			
Ordinary	98.00		
Aggregate capital and reserves		<u>(198,073)</u>	<u>(193,691)</u>
(Loss)/profit for the year		<u>(4,382)</u>	<u>21,500</u>

During the period the company maintained an intercompany account with We Buy Mexico S A De C V. As at the period end £925,458 ( 2021: £811,548) was due to the company by the subsidiary.

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

9. DEBTORS

	31.12.22	31.12.21
	£	£
Amounts falling due within one year:		
Trade debtors	3,445,481	1,755,178
Other debtors	814,690	408,081
Due from related company	13,146,194	14,070,045
Prepayments and accrued income	168,418	22,774
	<u>17,574,783</u>	<u>16,256,078</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>925,458</u>	<u>811,548</u>
Aggregate amounts	<u>18,500,241</u>	<u>17,067,626</u>

Included in amounts due from related company is an amount of £6,000,000 due from CEX Limited which is due after more than one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Trade creditors	2,075,709	2,014,946
Other creditors	612,388	558,657
Tax	357,498	189,197
VAT	538,815	506,249
Accruals and deferred income	2,007,384	1,630,095
	<u>5,591,794</u>	<u>4,899,144</u>

Included in accruals and deferred income is an amount of £482,835 (2021: £592,401) which will be released to income after more than one year.

11. LEASING AGREEMENTS

CEX (Franchising) Limited has the over all lease commitment / liability as a holder of a headlease which is recharged and payable by the individual franchisees primarily who hold the underlease of their individual shop(s). It only becomes the liability of CEX (Franchising) limited if the franchise company is unable to pay and the business is liquidated. Under the terms of the franchising agreement were a franchise business is not viable the shop it taken over and offered to a new franchisee who is then responsible for the rent of that franchise shop.

12. PROVISIONS FOR LIABILITIES

	31.12.22	31.12.21
	£	£
Deferred tax	<u>153,686</u>	<u>178,964</u>

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

12. PROVISIONS FOR LIABILITIES - continued

	<b>Deferred tax £</b>
Balance at 1 January 2022	178,964
Provided during year	(25,278)
	<u>153,686</u>
Balance at 31 December 2022	<u><u>153,686</u></u>

Deferred tax provision relates to deferred income re licence fees which is recognised over the period of the licence granted.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.22 £	31.12.21 £
101	Ordinary	£1	<u>101</u>	<u>101</u>

14. RESERVES

	<b>Retained earnings £</b>
At 1 January 2022	17,569,097
Profit for the year	2,205,472
	<u>19,774,569</u>
At 31 December 2022	<u><u>19,774,569</u></u>

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Ms Mohini Dudani by virtue of holding 76.24% of the company's issued ordinary share capital ( 2021: 76.24% ).