FIRST QUARTER ENDED 30 JUNE 2023

UNAUDITED FINANCIAL RESULTS

Ongoing resilient performance against challenging macroeconomic backdrop

Leeds, 4 September 2023: Zenith, the UK's leading independent leasing, fleet management and vehicle outsourcing business, today published its financial results for the first quarter of the 2024 financial year. The award-winning Leeds-based company has continued to perform against an ongoing background of economic challenges, increasing turnover to £188.8m (Q1 FY23: £157.7m) and gross profit to £35.4m[1] (Q1 FY23: £34.8m). Gross profit rose in both our Corporate and Consumer divisions, despite the challenging economic backdrop, although it was weaker in our Commercial division, mainly within our trailer rental business due to lower utilisation and increases in trailer maintenance costs. These factors, combined with our continuing investment in people and technology, resulted in an EBITDA for the first quarter of FY24 of £16.5m[1] (2023: £18.6m).

New car registrations have continued to improve, and in June rose for the eleventh month in a row[2]. As a result, the order bank continued to unwind, reducing to circa 11,000[3] units (circa 12,000 units at 31 March 2023). This move contributed to ongoing growth in the funded fleet, which grew by 9.7% year-on-year to 77,290 units at 30 June 2023, and increasing by 1.7% on the previous quarter. The Group's cash position remains strong with a cash balance at the end of Q1 FY24 of £43.4m[4], after the payment of the bond coupon interest of £15.3m at the end of June 2023.

Financial performance

- Turnover: £188.8m up 19.7%YoY (Q1 FY23: £157.7m)
- Gross profit: £35.4m[1] up 1.7% YoY (Q1 FY23: £34.8m)
- EBITDA: £16.5m[1] down 11.2% YoY (Q1 FY23: £18.6m)
- LTM[5] EBITDA[1]: £77.3m (LTM to 31 March 2023: £79.4m)
- Cash position at 30 June 2023: £43.4m[4], with an available, undrawn revolving credit facility of £65.0m, giving liquidity of £108m
- Headroom on asset finance securitisation facilities: £196m

Operating performance

- Total fleet: up 2.5% YoY to 167,990, but down marginally on Q4 FY23, by 302 units
- Funded fleet: up 9.7% YoY to 77,290 and up 1.7% QoQ
- The order bank reduced to 10,675[3] vehicles from 12,015 at the end of March 2023, as pressures continue to ease in the vehicle supply chain
- The proportion of battery electric vehicles increased to 35%[6] (31 March 2023: 32%)

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[1] Excluding the adjustment relating to the reassessment of residual values on funded fleet and exceptional items
[2] Source: SMMT
[3] Excluding managed fleet and commercial vehicles
[4] Excluding cash held within Special Purpose Vehicles of £20.8m
[5] Last twelve months
[6] Excluding managed fleet and commercial vehicles

Tim Buchan, Zenith chief executive officer, commented:

“I am pleased to report another solid quarter of growth in our revenues and funded fleet, despite the challenging market conditions of persistently high inflation, increasing interest rates, and weaker consumer demand.

“Our Corporate division, Zenith’s largest business unit, has continued to grow. We have seen new customer wins, alongside a growing demand for company sponsored vehicle schemes, with companies and their employees seeking to take advantage of benefit-in-kind tax incentives for battery electric vehicles. Customer demand for our Corporate products and services remains strong.

“Within our Commercial division the trailer rentals business has continued to experience lower fleet utilisation during the quarter, although this has since stabilised. At the same time inflationary pressures across our trailer maintenance operations have continued, with a number of initiatives being implemented to address these challenges. Demand for our fleet management services remains strong, with a good pipeline of new business opportunities, driven in part by market disruption driving a higher level of tendering opportunities.

“Our Consumer division continues to be profitable, but as stated in our 2023 full year results, weak consumer confidence, along with some continued supply challenges has continued to impact demand, which has resulted in lower orders during the quarter. Our consumer-focused businesses remain a key part of the Group’s long-term strategy.

“Across the business we have continued to invest in our people and technology, so we can capitalise on our diversified business model and market-leading propositions that will drive our future growth. I was particularly pleased to see this success recognised through the attainment of the Princess Royal Training Award for our apprenticeship programme.

“I’d like to take this opportunity to thank all our employees for their hard work, dedication and commitment throughout the quarter and our customers and partners for their continued support and confidence in Zenith.”

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PRESENTATION OF FINANCIAL INFORMATION

This report summarises consolidated financial and operating data derived from the unaudited consolidated financial statements of Zenith Automotive Holdings Limited, the parent company of Zenith Finco plc. The summary financial information provided herein has been derived from our records for the accounting calendar quarter to 30 June 2023, and to 30 June 2022, and for the year ended 31 March 2023, which are maintained in accordance with FRS 102 and FRS 104.

We have presented certain non-FRS information in this quarterly report. This information includes "EBITDA" and other measures derived therefrom, which represents earnings before interest, tax, depreciation, amortisation, impairment, the adjustment relating to the reassessment of residual values on funded fleet and exceptional items.

Under FRS 102, we are obliged to re-assess residual values (RVs) of fixed assets, and therefore depreciation, where there has been an indication of change to those residual values, such as changes in market prices. The significant and sustained increase in used vehicle prices which emerged during the Covid-19 period obliged us to re-assess (and re-set) residual values on our funded fleet to the extent that those assets are accounted as fixed assets. We made this re-assessment as at 1 April 2022, as a change in accounting estimates, with an impact on our profit and loss account for the subsequent quarters.

We present this change in isolation and draw the reader's attention to the change, because it is currently a material adjustment to our reported performance and position. We believe that gross profit and EBITDA, as adjusted to exclude this change in accounting estimates, are more representative and appropriate measures of our operating results, profitability and ability to service debt.

We believe metrics derived from EBITDA are meaningful for investors because they provide an analysis of our operating results, profitability, and ability to service debt. Measures derived from EBITDA are also used by management to track our business development, establish operational and strategic targets, and make important business decisions. EBITDA is the measure commonly used by investors and other interested parties.

Comparative information has been provided, where appropriate, for the audited year ended 31 March 2023, and the unaudited three months ended 30 June 2022.

References to "Zenith", "Zenith Group" and "the Group" refer to Zenith Automotive Holdings Limited and all of its subsidiaries.

Due to rounding, certain numbers presented throughout this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

DISCLAIMER

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities. This report does not contain all of the information that is material to an investor.

FORWARD LOOKING STATEMENTS

This report contains “forward-looking statements” as that term is defined by the U.S. federal securities laws and within the meaning of the securities laws of certain other jurisdictions. These forward-looking statements include, without limitation, those regarding our intentions, beliefs or current expectations concerning our future financial condition or performance, result of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate.

These statements often include words such as “anticipate”, “believe”, “could”, “estimates”, expect”, “forecast”, “intend”, “may”, “plan”, “projects”, “should”, “suggests”, “targets”, “would”, “will” and other similar expressions. These statements are not guarantees of performance or results. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections.

We undertake no obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Key performance indicators

We use a range of commercial, financial, and other KPIs to monitor our business, including fleet size and growth (including the breakdown of managed and funded fleet) and financial metrics such as gross profit, EBITDA, cash and cash conversion.

Fleet size and growth

	As of 30 June,		As of 31 March
	2023	2022	2023
Funded Fleet	77,290	70,483	76,034
Managed Fleet	90,700	93,367	92,258
Total Fleet	**167,990**	**163,850**	**168,292**

The size of our fleet decreased marginally in the three months to 30 June 2023; by 302 units or 0.2% compared to 31 March 2023, to 167,990 units. Year-on-year, our fleet grew 2.5%, or 4,140 units. Our funded fleet, which carries a higher margin than our managed fleet, grew by 1,256 units, or 1.7% in the three months since 31 March 2023. The increase was predominantly due to growth in the Corporate division, which grew by 1,880 units in the quarter, driven by the realisation of higher orders in FY23, partially offset by declines in the fleets within the Commercial and Consumer divisions.

Financial KPIs

(£000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
Turnover	**188,756**	157,690	688,117
Gross profit[(1)]	**35,377**	34,775	146,972
EBITDA[(1)]	**16,540**	18,633	79,405
Adjusted operating cash flow	**16,387**	7,855	69,162
Cash conversion %[(2)(3)]	**99.1%**	42.2%	87.1%

(1) Gross profit and EBITDA are shown on a like-for-like basis across the periods: that is, before the impact of the change in accounting estimates of residual values of our funded fleet, which is explained further below, and before exceptional items.
(2) Cash conversion is based on EBITDA. Adjusted operating cash flow is reconciled to our statutory measures in the Glossary.
(3) Adjusted operating cashflow in the year ended 31 March 2023 includes a one-off VAT claim of £12.5m, adjusting for this the cash conversion would be 71% for the year ended 31 March 2023.

Our financial performance in the most recent period to 30 June 2023, versus the comparative period, is explained below. For reconciliations of statutory to non-statutory and KPI-based measures of performance, see Glossary.

Results of Operations

The table below sets out a summary of our income statement for the periods presented.

(£000)	For the three months ended 30 June, 2023	2022	For the year ended 31 March 2023
Turnover	**188,756**	**157,690**	**688,117**
Cost of sales (excluding changes to accounting estimates of RVs of fleet fixed assets) [1]	(153,379)	(122,915)	(541,145)
Gross profit (excluding changes to accounting estimates of RVs of fleet fixed assets) [1]	**35,377**	**34,775**	**146,972**
Changes to accounting estimates of RVs of fleet fixed assets[2]	778	11,314	30,821
Gross profit[1,2]	**36,155**	**46,089**	**177,793**
Operating expenses	(18,837)	(16,142)	(67,567)
Operating profit before depreciation of owned tangible fixed assets, amortisation of goodwill and intangible assets and exceptional items, and before changes to accounting estimates of RVs of fleet fixed assets	**16,540**	**18,633**	**79,405**
Operating profit before depreciation of owned tangible fixed assets, amortisation of goodwill and intangible assets and exceptional items	**17,317**	**29,948**	**79,405**
Depreciation of owned fixed assets	(1,740)	(1,696)	(6,370)
Amortisation of goodwill	(6,090)	(6,081)	(24,359)
Amortisation of intangible assets	(7,618)	(6,693)	(26,806)
Operating exceptional items[3]	-	-	(4,434)
Changes to accounting estimates of RVs of fleet fixed assets[2]	778	11,314	30,821
Operating profit	**1,870**	**15,477**	**48,257**
Finance costs (net)	(30,499)	(27,554)	(116,782)
Finance costs (senior notes and RCF)[4]	(9,871)	(8,893)	(35,459)
Finance costs (on shareholder instruments)[5]	(20,628)	(18,660)	(81,324)
Loss before taxation	**(28,629)**	**(12,077)**	**(68,525)**
Tax charge	(293)	(356)	(2,839)
Loss for the financial period attributable to the shareholders of the group	**(28,922)**	**(12,433)**	**(71,364)**

(1) We recognise in cost of sales the costs we incur in respect of assets subject to securitised contracts or hire purchase contracts, such as interest payable on the funding of long-term leases of such assets and depreciation of such assets over the course of their respective lives. Gross profit is on a like-for-like basis across the periods: that is, before the impact of the change in accounting estimates of residual values of our funded fleet, which is explained further below, and before exceptional items.

(2) We isolate the impact of the change in accounting estimates on vehicle assets to aid the reader of the accounts to understand the underlying performance of the business, as well as to demonstrate the impact of a single, large, and subjective item. We explain this adjustment in the narrative below.

(3) Operating exceptional items are costs that do not relate to the Group's normal business operations and which in management's judgement are considered material individually or in aggregate (if of a similar type) due to their size or frequency.

(4) Finance costs includes charges under the current £475 million senior secured notes and £65 million revolving credit facilities issued / arranged in January 2022, and costs incurred in operating the day-to-day banking of the business.

(5) Finance costs (on shareholder instruments) include non-cash shareholder Loan Note and Preference Share interest payable under the terms of those instruments. Interest on these balances is rolled on an annual basis. The other cost in this line is historic payments made to set up finance facilities which are amortised over the life of the facilities.

Divisional performance summary

The tables below present a summary of turnover and gross profit of each division. (These figures are presented prior to the impact of the change in accounting estimates for fleet depreciation.)

Corporate

(£000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
Turnover	121,446	93,588	390,218
Gross profit[1]	23,525	21,801	93,909
Fleet (units)	55,397	51,734	53,517

Commercial

(£000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
Turnover	43,867	49,997	211,296
Gross profit	6,319	8,243	32,403
Fleet (units)	46,026	48,470	46,767

Consumer

(£000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
Turnover	23,443	14,105	86,602
Gross profit[1]	5,533	4,731	20,659
Fleet (units)	66,567	63,646	68,008

(1) For the three months ended 30 June 2022 Corporate and Consumer gross profit have been restated to enable comparability. The previously reported balances were £19.8m and £6.7m respectively. This restatement had no impact on the Group's primary financial statements, including its reported earnings for the three months ended June 2022 and the key performance indicators.

Comparison of results of operations for the three months ended 30 June 2023 and 2022

Turnover

Turnover increased by £31.1m, or 19.7%, to £188.8m for the three months ended 30 June 2023, from £157.7m for the three months ended 30 June 2022.

Termination volumes were 21% higher in the first quarter of FY24 year-on-year, principally in the Corporate and Consumer divisions and driven by the increased vehicle supply. Turnover from in-life services increased in the year due to the higher fleet size, some purchasing initiatives, and an increase in informal extensions, offset partially by lower rental income within the Commercial fleet.

Corporate

Turnover of our Corporate division increased by £27.9m, or 29.8.%, to £121.4m for the three months ended 30 June 2023, from £93.6m for the three months ended 30 June 2022. The total Corporate fleet size increased by 3.5% (1,880 units) quarter-on-quarter, and 7.1% year-on-year to 55,397 units. The funded fleet was up 2.9% quarter-on-quarter and 12.1% year-on-year.

The increase in turnover in the first quarter of FY24 was primarily due to the increase in fleet size, resulting in higher lease rental and in-life incomes, combined with the benefit of purchasing initiatives. The car and van rental business continued to benefit from high demand from corporate customers, with both higher rental days and increased pricing year-on-year driving an increase in turnover. Termination volumes were up 15% year-on-year in the first quarter, driving higher income on disposal, though this was tempered by a decline in average proceeds on disposal on battery electric vehicles (BEVs), with average proceeds on ICE[7] vehicles remaining elevated. The Corporate order book declined by 1,232 units to 10,392 units, as increased market supply enabled the realisation of orders into the fleet. Our new business pipeline remains strong, in particular for our salary sacrifice schemes.

Commercial

Turnover decreased by £6.1m, or 12.3%, to £43.9m for the three months ended 30 June 2023, from £50.0m for the three months ended 30 June 2022.

Turnover in the Commercial division declined in the first quarter of FY24 primarily due to the post-Covid-19 contraction in volumes combined with weaker consumer confidence, which softened demand for trailer rentals. This in turn drove a reduction in the utilisation of the rental fleet, from circa 85% in June 22 to 75% in June 23. Volumes of terminations were in line with prior year, however revenue from terminations declined year-on-year as prices of second-hand vehicles and trailers softened slightly although still remain strong due to continued supply chain challenges. These declines were partially offset by a rise in income from informal extensions and increased pricing on lease rental income.

Demand for our commercial fleet management services remain strong, with a good pipeline of new business opportunities, driven in part by market disruption driving a higher level of tendering opportunities.

Consumer

Turnover of our Consumer division increased by £9.3m, or 66.2%, to £23.4m for the three months ended 30 June 2023, from £14.1m for the three months ended 30 June 2022. Total fleet was up 4.6% (2,921 units) year-on-year, with funded fleet up 16.5% (1,562 units). Quarter-on-quarter, both the total fleet and the funded fleet declined, by 2.1% and 1.1% respectively.

Turnover increased in the first quarter of FY24 year-on-year on year principally due to the increase in termination volumes in our ZenAuto business, which nearly doubled. Turnover from lease rental also increased year-on-year due to higher fleet numbers. The order bank for ZenAuto decreased by 28% in the quarter to 283 units as the level of deliveries outpaced orders by 108 units. Orders were down 56% quarter-on-quarter and 69% year-on-year due to weak consumer confidence and continued supply challenges.

Cost of Sales, excluding the impact of changes in accounting estimates and exceptional items

Cost of sales increased by £30.5m, or 24.8%, to £153.4m for the three months ended 30 June 2023, from £122.9m for the three months ended 30 June 2022.

[7] Internal Combustion Engine

Cost of sales represented 81.3% of turnover for the three months ended 30 June 2023, compared to 77.9% of turnover for the three months ended 30 June 2022.

The increase in cost of sales as a proportion of turnover was primarily due to higher funding costs driven by the higher interest rates between the vehicle order date (where the price is fixed to the customer) and the vehicle delivery/funding date (where the cost to us is fixed). Costs relating to maintenance services in Commercial have also increased, as noted below in the Commercial commentary.

Gross Profit, excluding the impact of changes in accounting estimates and exceptional items

Group gross profit increased by £0.6m, or 1.7%, to £35.4m for the three months ended 30 June 2023, from £34.8m for the three months ended 30 June 2022.

Gross profit, or income, grew in the first quarter of FY24 year-on-year principally due to income from higher in-life services discussed above, along with higher profits on short term rental within our Corporate division. Higher volume on disposal of vehicles more than offset a lower average profit on disposal, driven by the softening of the used prices of some vehicles, principally BEV models, increasing the residual value (RV) profits from £11.3m to £11.5m.

Corporate

Gross profit in the Corporate division increased by £1.7m, or 7.9%, to £23.5m for the three months ended 30 June 2023, from £21.8m for the three months ended 30 June 2022.

Within the Corporate division, the key driver of income growth was higher income from in-life services, which were principally driven by higher fleet volume but also purchasing initiatives. Lease margin was flat year-on-year, as the benefit of higher fleet volumes was offset by the impact of higher interest rates. This margin erosion was a result of the unhedged and extended period between the vehicle order date (where the price is fixed to the customer) and the vehicle delivery/funding date (where the cost to us is fixed). RV profits were down marginally as the benefit of higher termination volumes, which were up 15% year-on-year in the first quarter, were offset by a lower average profit on disposal; with average losses on disposal of BEVs offsetting, to some extent, profits on ICE vehicles, which on average remain elevated. Short-term rental within the Corporate division continued to perform well, with higher rental days and higher prices resulting in an increase in income in the quarter. Lease extensions, which contribute meaningfully to lease margin, continue to remain elevated at 14.3% of the funded fleet at June 23, albeit this percentage has continued to decline gradually over calendar year 2023.

Commercial

Gross profit in the Commercial division decreased by £1.9m, or 23.3%, to £6.3m for the three months ended 30 June 2023, from £8.2m for the three months ended 30 June 2022.

Gross profit in the Commercial division declined year-on-year in the first quarter, due to a further reduction in logistics activity following the Covid-19 peak period, driving a reduction in utilisation of our owned trailers and lower income as our managed fleet declined. Increases in interest costs on funded vehicles from higher interest rates were largely offset by pricing increases on customer vehicles. Cost to serve on maintenance activities rose as a result of inflationary pressures and increased defect volumes. The business is implementing initiatives to mitigate these pressures. RV profits declined by approximately £0.4m in the first quarter year-on-year; with volumes of disposals flat year-on-year but marginally lower average profitability of the assets disposed as the comparative year benefitted from supply chain constraints noted above.

Consumer

Gross profit in the Consumer division increased £0.8m, or 17.0% to £5.5m for the three months ended 30 June 2023, from £4.7m for the three months ended 30 June 2022.

Gross profit increased in the quarter, primarily as a result of higher RV profits from higher termination volumes, which were up 280 units, or 93% year-on-year, offsetting lower average termination profits, which were down 8% year-on-year. Lease margin declined year-on-year, due to the impact of higher interest rates and the long order lead times.

Changes in depreciation due to a change in accounting estimates

Under FRS 102 (as under international accounting standards), we are obliged to reassess RVs of fixed assets, and therefore depreciation, where there has been an indication of change to those RVs, such as changes in market prices. The significant and sustained increase in used vehicle prices (mainly during the year ended 31 March 2022) obliged us to reassess (and reset) RVs on our funded fleet to the extent that those assets are accounted as fixed assets. We have made this reassessment as at 1 April 2022, and then tracked this cohort of vehicles on a quarterly basis as a change in accounting estimates, with a subsequent impact on our gross profit and operating profit (via reduced fleet depreciation) for the quarter ended 30 June 2023 of £0.8m. This has had no impact on our cash flow, tax position or the borrowing base under any of our vehicle funding facilities. We present this change in isolation and draw the reader's attention to the change, because it is a material adjustment to our reported performance and position. We believe that EBITDA, as adjusted to exclude this change in accounting estimates, is a more representative and appropriate measure of our operating results, profitability, and ability to service debt. It also has no impact on the commercial decisions or positions that we take on pricing RVs or writing new business. We will continue to report the same turnover and profit KPIs in our own internal Board reporting, and to our investors, which we believe are more closely aligned to underlying earnings and cash flows.

The reassessment of residual values, and the consequential effect on the depreciation charges on that population of assets, has reduced the depreciation charge within our cost of sales by £0.8m for the quarter ended 30 June 2023, from a charge of £32.4m on that population of assets, *had the residual values not been re-set*, to a charge of £31.6m. This compares to depreciation charges on the funded fleet for the three months ended 30 June 2022, of £26.9m, such depreciation having been reduced by £11.3m.

Operating Expenses

Operating expenses increased by £2.7m, or 16.7%, to £18.8m for the three months ended 30 June 2023, from £16.1 million for the three months ended 30 June 2022.

Operating expenses were higher mainly due to increased people costs associated with the cost-of-living pay increase of 5% awarded in April 2023, and the additional headcount from our investment in our capacity and extending the capabilities of the group. Costs associated with our IT operations, services and infrastructure also increased, reflecting inflationary rises and additional IT services we've adopted to increase the performance of our business.

We also recognised a bad debt provision of approximately £500k in respect of one of our daily rental customers that entered administration.

Operating expenses also include: depreciation of owned fixed assets (i.e. depreciation of non-fleet related assets, such as computer hardware and software, fixtures and fittings and similar fixed assets); and amortisation of acquired intangibles and amortisation of goodwill, both of which are non-cash items, driven by the intangible assets created (like goodwill) when Bridgepoint acquired the business in 2017.

EBITDA

EBITDA decreased by £2.1m to £16.5m for the three months ended 30 June 2023 from £18.6m for the three months ended 30 June 2022.

Gross profit rose in both our Corporate and Consumer divisions, despite the challenging economic backdrop, although it was weaker in our Commercial division, mainly within our trailer rental business due to lower utilisation and increases in trailer maintenance costs. These factors, combined with our continuing investment in people and technology, resulted in an EBITDA for the first quarter of FY24 of £16.5m (2023: £18.6m).

Finance Costs

Finance costs increased by £2.9m, or 10.7%, to £30.5m for the three months ended 30 June 2023, from £27.6m for the three months ended 30 June 2022. The increase in finance costs was primarily due to the increased Loan Note and Preference Share interest, because of the underlying balances increasing due to the annual compounding of interest (£1.9m higher charges versus the comparative period).

Tax Charge

The tax charge decreased by £0.1m, to a charge of £0.3m for the three months ended 30 June 2023, from a charge of £0.4 million for the three months ended 30 June 2022.

Facilities funding our fleet

Fleet leasing is a capital intensive business and requires continuous access to different funding sources at attractive terms in order to maintain attractive margins. We seek to fund most of our funded fleet through securitisation facilities and the remainder with wholesale asset finance arrangements, such as secured back-to-back or hire purchase contracts, RV financing and agency funding. The substantial undrawn capacity we currently have under our securitisation facilities, in particular, will enable us to continue growing the size of our funded fleet.

On 30 June 2023, we had drawn £778.7m on our securitisation facilities (30 June 2022: £545.1 million). We had also drawn £143.5m on our RV facilities (30 June 2022: £143.0m) that are connected to the bifurcated securitisation facility (through which the lease receivables are funded by securitisation and the RV assets are funded by separate bilateral facilities). These drawings compare to an aggregate amount of such securitisation and RV facilities of £1,122.7m (£975.0 million in respect of bifurcated and non-bifurcated securitisation facilities, plus £147.7m of RV facilities for the bifurcated programme).

Back-to-back hire purchase funding is an arrangement whereby we buy a vehicle through a hire purchase contract funded by a financier and lease it on contract hire to customers on corresponding terms. As of 30 June 2023, we had drawn £136.2m of funding commitments pursuant to back-to-back hire purchase agreements with financiers (30 June 2022: £78.3m).

Agency funding is an arrangement whereby we contract as disclosed or undisclosed agent for a third party which finances the vehicle purchase and, in most instances, holds legal title to the vehicle. As of 30 June 2023, we had utilised £147.8m of agency funding (30 June 2022: £116.8m).

In respect of the back-to-back funding and agency funding, there has not been a material change in the scale or nature of those facilities since 31 March 2023. The scale or nature of the securitisation and RV funding has also not materially changed over the same period.

Liquidity

Our principal source of liquidity on an ongoing basis, including for the purposes of funding credit enhancement costs in respect of our securitisation facilities, is expected to be our operating cash flows.

As part of the refinancing of our senior term debt in January 2022, we entered into a revolving credit facility in an aggregate amount of £65.0 million. As at 30 June 2023, this was undrawn. As such, the financial covenant test under that facility was not tested.

The group had an aggregate cash balance as at 30 June 2023, of £64.2 million (31 March 2023: £72.2m), of which £20.8m (31 March 2023: £18.3m) relates to cash balances held within the special purpose vehicles that are part of our securitisation structures. Therefore, the group had freely-available cash resources at 30 June 2023, of £43.4m (31 March 2023: £53.9 million), in addition to the undrawn capacity on the £65.0 million revolving credit facility.

Bond purchases

We may, from time to time, purchase our notes for cash in open-market purchases and/or privately negotiated transactions upon such terms and at such prices as we may determine. We will evaluate any such transactions in light of then-existing market conditions, taking into account our current liquidity and prospects for future access to capital. The amounts involved in any such transactions, individually or in the aggregate, may be material.

Historical cash flows

The following table sets forth cash flow information for the periods presented. A non-statutory cash flow presentation is appended to this document (in “Glossary”), to assist the understanding of our cash flow.

(£’000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
Net cash flow from operating activities [(1)]	27,374	15,198	179,176
Tax paid	(3,256)	(1,306)	(4,493)
Net cash flows used in investing activities [(1)]	(73,963)	(32,966)	(323,519)
Net cash flows from financing activities	41,846	5,848	160,855
Net increase / (decrease) in cash & cash equivalents	**(7,999)**	**(13,226)**	**12,019**
Cash and cash equivalents at start of period	72,187	60,168	60,168
Cash and cash equivalents at end of period	**64,188**	**46,942**	**72,187**

(1) For the three months ended 30 June 2022 net cash flow from operating activities and net cash flows used in investing activities have been restated to enable comparability. The previously reported balances were £(10.1)m and £(7.1)m respectively. This restatement had no impact on the Group’s primary financial statements, including its reported earnings for the three months ended June 2022 and the key performance indicators.

Net cash flow from operating activities

Net cash inflow from operating activities increased by £12.2m, to £27.4m for the three months ended 30 June 2023, from £15.2m for the three months ended 30 June 2022. This increase in net cash flow from operating activities was primarily due to a decrease in debtors from reduced activity in Commercial and an increase in creditors from higher vehicle purchases, partially offset by a change from VAT payable to receivable due to an increase in vehicle purchases.

Tax paid

Tax paid increased by £2.0m, to a £3.3m payment for the three months ended 30 June 2023, from a £1.3m outflow for the three months ended 30 June 2022.

Net cash used in investing activities

Net cash flows used in investing activities increased by £41.0m, to a cash outflow of £74.0m for the three months ended 30 June 2023, from a cash outflow of £33.0m for the three months ended 30 June 2022. This increase in net cash outflows used in investing activities was primarily due to an increase in the purchase of funded and owned assets (the funding of which is shown in net cash flow from financing activities), partly offset by higher proceeds of sales of operating lease assets (refer to commentary above on vehicle terminations).

Net cash flow from financing activities

Net cash flows from financing activities increased by £36.0m, to £41.8m for the three months ended 30 June 2023, from £5.8m for the three months ended 30 June 2022. The net increase was primarily due to the draw down of funding (the purchase of assets is shown in net cashflow from investing activities). There was no drawdown or repayment of the group’s current revolving credit facilities in the period ended 30 June 2023. The level of interest paid increased to £16.0 million for the period ended 30 June 2023, from £13.5 million for the period ended 30 June 2022, due to the payment of the coupon on the senior secured notes covering the six-month period from 1 January to 30 June 2023, whereas in the comparative period the period covered five months from inception (28 January 2022) to 30 June 2022.

Off-balance sheet arrangements

At 30 June 2023, our only material off-balance sheet item relates to vehicles funded through agency arrangements. For vehicles funded under such arrangements only the commitment to repurchase the vehicle at the end of the lease for the RV is recognised on the balance sheet. At 30 June 2023, the outstanding balance of vehicles subject to repurchase arrangements through agency arrangements was £81.9m (31 March 2023: £69.1m), reported as “Vehicles subject to repurchase agreements.” By contrast, the outstanding rentals balance is reported on the agency funder’s balance sheet.

Glossary

Reconciliation of Loss for the financial periods to EBITDA

(£'000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
Loss for the financial period attributable to the shareholders of the group	(28,922)	(12,433)	(71,365)
Tax charge on loss	293	356	2,839
Finance costs (on shareholder investment & all other items)	20,268	18,660	81,324
Finance costs (Senior Secured notes and Revolving Credit Facility)	9,871	8,893	35,459
Operating exceptional items	-	-	4,434
Amortisation of intangible assets	7,618	6,693	26,806
Amortisation of goodwill	6,090	6,081	24,359
Depreciation of owned fixed assets	1,740	1,696	6,370
Changes to accounting estimates of RVs of fleet fixed assets	(778)	(11,314)	(30,821)
EBITDA	16,540	18,633	79,405

Reconciliation of Change in Cash & Cash Equivalents to Adjusted Operating Cash Flow

(£'000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
Net increase in cash & cash equivalents	(7,999)	(13,226)	12,019
Add back / (Deduct):			
Financing - interest paid	16,004	13,469	38,227
Corporation tax paid	3,256	1,306	4,493
Purchase of non-fleet fixed assets	5,127	3,531	12,325
Securitisation refinancing: fees and expenses	-	-	724
Senior debt refinancing: fees and expenses	-	2,775	1,374
Adjusted Operating Cash Flow	16,387	7,855	69,162

Non-statutory Cash Flow presentation: EBITDA to Adjusted Operating Cash Flow to Net Cash Flow for the period

(£'000)	For the three months ended 30 June,		For the year ended 31 March
	2023	2022	2023
EBITDA	**16,540**	**18,634**	**79,405**
Change in working capital, including vehicle funding and payments	(153)	(10,779)	(9,168)
Exceptional items	-	-	(1,075)
Adjusted Operating Cash Flow	**16,387**	**7,855**	**69,162**
Cash conversion percentage	99.1%	42.2%	87.1%
Purchase of non-fleet fixed assets	(5,127)	(3,531)	(12,325)
Corporation tax paid	(3,256)	(1,306)	(4,493)
Cash Flow before acquisitions and corporate financing	**8,004**	**3,018**	**52,344**
Financing - interest paid (senior secured notes and revolving credit facility)	(16,004)	(13,469)	(38,227)
Securitisation refinancing: fees and expenses	-	-	(724)
Senior debt refinancing: fees and expenses	-	(2,775)	(1,374)
Net cash flow (Change in Net Cash and Cash Equivalents)	**(7,999)**	**(13,226)**	**12,019**

Note: this cash flow presentation reconciles between EBITDA (i.e. as reported, after deducting losses from ZenAuto Limited) to Adjusted Operating Cash Flow, from which we derive our cash conversion KPI, to Cash Flow before acquisitions and corporate financing, which is the cash flow measure we regard as closest to a measure of cash flow available for debt service and similar financing, and to Net Cash movement in the periods in question.

Reconciliation of certain pro forma financial information of Zeus Bidco Limited ('Bidco') to Zenith Automotive Holdings Limited ('Topco') group of companies

As of the date of this document, Zenith Automotive Holdings Limited ('Topco') is a holding company with no revenue-generating activities of its own, and no business operations or material assets, other than its indirect ownership of 100% of Zeus Bidco Limited's share capital. There are no differences in turnover, gross profit, EBITDA or operating profit between the consolidated accounts at Topco and Bidco levels. The differences in loss for the year and the balance sheet are of a similar nature, substance and quantum as we reported in the reconciliation contained within the offering memorandum (dated January 2022) for our senior secured notes due 2027.

Zenith Automotive Holdings Limited

Condensed unaudited interim financial statements

For the three months ended 30 June 2023

Zenith Automotive Holdings Limited

Information to accompany the condensed interim financial statements
For the three months ended 30 June 2023

Zenith Automotive Holdings Limited

Condensed consolidated statement of profit and loss account

For the three months ended 30 June 2023

	Note	Three months ended 30 June 2023 £'000	Three months ended 30 June 2022 £'000
Turnover	3	**188,756**	**157,690**
Cost of sales		(152,601)	(111,601)
Gross profit		**36,155**	**46,089**
Operating expenses		(34,285)	(27,456)
Operating profit before depreciation of owned tangible fixed assets, amortisation of goodwill and intangible assets and exceptional items		**16,540**	**18,633**
Depreciation of owned tangible fixed assets		(1,740)	(1,696)
Amortisation of goodwill		(6,090)	(6,081)
Amortisation of intangible assets		(7,618)	(6,693)
Operating exceptional items		-	-
Change of accounting estimates – fleet depreciation		778	11,314
Operating profit	4	**1,870**	**15,477**
Finance costs (net)		(30,499)	(27,554)
Loss before taxation	4	**(28,629)**	**(12,077)**
Tax charge on loss		(293)	(356)
Loss for the financial period attributable to the shareholders of the group		**(28,922)**	**(12,433)**

All results derive from continuing operations.

The accompanying notes 1 to 11 are an integral part of these financial statements.

Condensed consolidated statement of comprehensive income

For the three months ended 30 June 2023

	Three months ended 30 June 2023 £'000	Three months ended 30 June 2023 £'000
Loss for the financial period	(28,922)	(12,433)
Hedge gains arising during period (net of tax impact)	8,912	2,469
Total comprehensive expense attributable to the shareholders of the group	**(20,010)**	**(9,964)**

The accompanying notes 1 to 11 are an integral part of these financial statements.

Zenith Automotive Holdings Limited

Condensed consolidated statement of financial position
As at 30 June 2023

	Note	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 March 2023 £'000
Fixed assets				
Goodwill	5	336,817	361,471	342,842
Intangible assets	5	341,307	356,686	348,899
Tangible assets	5	1,018,223	731,032	976,958
		1,696,347	1,449,189	1,668,699
Current assets				
Inventory		1,070	1,047	1,115
Debtors				
– due within one year	6	153,315	148,124	188,525
– due after one year	6	126,529	74,105	112,781
Cash at bank and in hand		64,188	46,942	72,187
		345,102	270,218	374,608
Creditors: amounts falling due within one year	7	(487,882)	(471,336)	(522,530)
Net current liabilities		(142,780)	(201,118)	(147,922)
Total assets less current liabilities		1,553,567	1,248,071	1,520,777
Creditors: amounts falling due after more than one year	8	(1,739,810)	(1,359,303)	(1,690,308)
Provisions for liabilities		(110,452)	(109,235)	(107,154)
Net liabilities		**(296,695)**	**(220,467)**	**(276,685)**
Capital and reserves				
Called up share capital		271,546	271,546	271,546
Share premium account		2,444	2,444	2,444
Hedging reserve		21,694	10,069	12,782
Profit and loss account		(592,379)	(504,526)	(563,457)
Shareholders' deficit		**(296,695)**	**(220,467)**	**(276,685)**

The accompanying notes 1 to 11 are an integral part of these financial statements.

Zenith Automotive Holdings Limited

Consolidated statement of changes in equity
As at 30 June 2023

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
At 1 April 2022	271,546	2,444	(492,093)	7,600	(210,503)
Loss for the financial period	-	-	(12,433)	-	(12,433)
Hedges of variable interest rate risk	-	-	-	3,292	3,292
Deferred tax charge	-	-	-	(823)	(823)
Total comprehensive expense	**-**	**-**	**(12,433)**	**2,469**	**(9,964)**
At 30 June 2022	**271,546**	**2,444**	**(504,526)**	**10,069**	**(220,467)**
Loss for the financial period	-	-	(58,931)	-	(58,931)
Hedges of variable interest rate risk	-	-	-	3,618	3,618
Deferred tax charge	-	-	-	(905)	(905)
Total comprehensive expense	**-**	**-**	**(58,931)**	**2,713**	**(56,218)**
At 31 March 2023	**271,546**	**2,444**	**(563,457)**	**12,782**	**(276,685)**
Loss for the financial period	-	-	(28,922)	-	(28,922)
Hedges of variable interest rate risk	-	-	-	11,882	11,882
Deferred tax charge	-	-	-	(2,970)	(2,970)
Total comprehensive expense	**-**	**-**	**(28,922)**	**8,912**	**(20,010)**
At 30 June 2023	**271,546**	**2,444**	**(592,379)**	**21,694**	**(296,695)**

The accompanying notes 1 to 11 are an integral part of these financial statements.

Hedging reserve:

Movements in the hedging reserve reflect the change in the fair value of derivative financial instruments designated into hedge accounting relationships in accordance with IFRS 9. The derivatives are originally recognised on the balance sheet at fair value, with fair value gains or losses relating to future periods being recognised in other comprehensive income and therefore outside of the profit and loss account. These will subsequently be released to the profit and loss account in the period the forecasted cashflow it is hedging occurs.

Zenith Automotive Holdings Limited

Condensed consolidated cash flow statement
For the three months ended 30 June 2023

	Three months ended 30 June 2023 £'000	Three months ended 30 June 2022 £'000
Operating profit	**1,870**	**15,477**
Adjustment for:		
Depreciation charges	44,401	28,561
Amortisation of goodwill and intangibles	13,708	12,774
Profit on sale of tangible fixed assets	(30,013)	(9,827)
Operating cash flow before movement in working capital	29,966	46,985
Capital repayment received from finance lessees	5,291	(942)
Decrease / (increase) in debtors	4,852	(7,830)
(Increase) / decrease in stock	45	11
Decrease in creditors	(13,107)	(23,732)
Increase in provisions	327	706
Net cash inflow from operating activities	**27,374**	**15,198**
Income tax (paid) / received	**(3,256)**	**(1,306)**
Cash flows from investing activities		
Proceeds from sale of operating lease assets	103,844	89,360
Purchase of operating lease assets	(50,186)	(26,236)
Purchase of operating lease assets (funded)	(127,621)	(96,090)
Net cash flows from investing activities	**(73,963)**	**(32,966)**
Cash flows from financing activities		
Repayments of borrowings	(69,768)	(76,773)
Drawdown of funding	127,621	96,090
Interest paid	(16,007)	(13,469)
Net cash flows from financing activities	**41,846**	**5,848**
Net increase in cash and cash equivalents	**(7,999)**	**(13,226)**
Cash and cash equivalents at start of the year	**72,187**	**60,168**
Cash and cash equivalents at end of the period	**64,188**	**46,942**

The accompanying notes 1 to 11 are an integral part of these financial statements.

Cash and cash equivalents include amounts in respect of Exhibition Finance plc (formerly Bifurcate Funding Limited), Forge Funding Limited and Vehicle Titleco Limited of a total of £20,803,000 (30 June 2022: £7,801,000; 31 March 2023: £18,251,000) that are not freely available for use by the Group.

Notes to the financial statements

For the three months ended 30 June 2023

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The financial information for the three month period ended 30 June 2023 has been prepared in accordance with FRS 104 'Interim Financial Reporting' and the Companies Act 2006. This report should be read in conjunction with the Group's annual report and financial statements for the year ended 31 March 2023, which have been prepared in accordance with FRS 102.

Accounting policies

The accounting policies, methods of computation and presentation in these accounts are consistent with those that were applied in the annual financial statements for the year ended 31 March 2023, except for the estimation of income tax. The auditor's report on those accounts was unqualified. The Group's financial statements are prepared under the historical cost convention in compliance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. Income tax expense is recognised based on Group's estimate of the weighted average effective annual income tax rate expected for the full financial year.

Going concern

The Group has considerable financial resources, a broad customer base across different business sectors and diversified income streams. Therefore, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook, high and potentially persistent rates of inflation and challenging conditions in the automotive supply chain.

The directors of the Group have considered the adoption of the going concern basis in preparing the financial statements given the current economic climate and have formed the conclusion that there are no material uncertainties with respect to the Group's ability to continue as a going concern for the foreseeable future. In forming this view, the directors have considered: the Group's financial position, the Group's budgets and trading forecasts (including stress-testing these forecasts based on the principal risks facing the Group); and the committed debt facilities available to the Group together with forecast headroom against those borrowing facilities (including against covenants), and including the impact of reasonable sensitivities and foreseen uncertainties. This includes the impact of the extended securitisation facilities (refinanced in August 2021 for a minimum of three years, to aggregate facilities of £975 million) and the senior secured notes and revolving credit facilities (arranged in January 2022, repayable in mid-2027, in the amount of £475 million and £65 million respectively).

Due to the nature of the Group's business model, which mainly relates to leases of between three to five years to large corporate customers, the degree of visibility over our future earnings is high. As a result, we believe our success during the Covid-19 pandemic is a direct result of our robust strategy to diversify our group. We further believe that Zenith is well positioned to navigate any further periods of disruption caused by the Covid-19 pandemic, the current macroeconomic environment and the challenges posed by current constraints in the automotive supply chain.

More details of our strategy and these risks are included in the Strategic Report of the consolidated accounts of the group.

The directors continue to closely monitor the potential impacts of any further disruption caused by Covid-19, macroeconomic factors and the current constraints in the automotive supply chain. We have not identified any material adjustments to balances included in these financial statements.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Notes to the financial statements (continued)

For the three months ended 30 June 2023

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, Accounting Policies, in its Annual Report and Financial Statements for the year ended 31 March 2023, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Credit loss provisioning

The Group considers the determination criteria for significant increase or decrease in credit risk to be a key judgement within expected credit losses that may have a significant risk of causing material adjustment. However, given the particularly low level of credit losses experienced by the Group over many years, the Group does not expect any credit losses on receivables. The credit underwriting process on corporate customers is robust, and the Group focuses on the prime credit segment of the corporate market. Similarly, the Group focuses on the prime and super-prime segment of consumer creditworthiness in the personal contract hire market. In addition, the asset-backing of the receivables in question (by a hard asset, a vehicle) reduces any loss given a default. In assessing whether the credit risk of an asset has significantly increased or decreased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key source of estimation uncertainty

Residual values

When pricing a lease, the estimate of what a vehicle will be worth at the end of the lease is called the residual value. The Group reviews the residual values of its leased assets on an ongoing basis with reference to independent market data and prevailing economic conditions. We use sophisticated technology and risk management techniques to manage residual value and maintenance risk and our risk positions and exposures are constantly reassessed and adjusted accordingly. As such, residual values held in the financial statements of this Group are believed to be redeemable and free from impairment.

Maintenance provision

The Group regularly reviews its provisioning for future maintenance costs. The amount recognised as a provision is the best estimate of consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Extensive analysis is undertaken regularly based on a substantial amount of historic evidence to ensure the provisioning level is appropriate.

We use sophisticated technology and risk management techniques to manage maintenance risk and our risk positions and exposures are constantly reassessed and adjusted accordingly. As such provisions in the balance sheet in place to cover expected future expenditure on maintenance contracts are believed to be adequate but not excessive.

The provision at 30 June 2023 amounts to £19.9 million (30 June 2022: £21.1 million; 31 March 2023: £19.5 million).

Impairment of goodwill and intangible assets

The Group regularly reviews for new indicators of impairment, where none are found no impairment testing is undertaken; where such indicators are found the Group undertakes an estimation of the value in use of the cash-generating units to which goodwill and acquired intangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. This includes an assessment of Covid-19 and an estimate of reasonably possible sensitivities in reaching the conclusions of the review. The carrying amount of goodwill at the balance sheet date was £336.8 million (30 June 2022: £361.5 million; 31 March 2023: £342.8 million). No impairment loss was recognised during the year ended 31 March 2023, nor the period ended 30 June 2023 (30 June 2022: £nil). The carrying amount of acquired intangible assets at the balance sheet date was £320.3 million (30 June 2022: £343.6 million; 31 March 2023: £326.2 million).

3. TURNOVER

	Three months ended 30 June 2023 £'000	Three months ended 30 June 2022 £'000
An analysis of the Group's turnover by class of business is set out below:		
Long term leases	105,069	90,011
Vehicle sales	57,658	44,234
Other*	26,029	23,445
	188,756	**157,690**

*Other turnover includes fleet management and outsource fees, daily rental and other miscellaneous income.

The Group's turnover was all derived from operations within the United Kingdom.

4. OPERATING PROFIT

Operating profit is stated after charging:

	Three months ended 30 June 2023 £'000	Three months ended 30 June 2022 £'000
Depreciation of tangible fixed assets		
Owned	1,186	1,041
Company cars	554	655
Held under finance leases and hire purchase contracts	42,661	38,179
Amortisation of goodwill	6,090	6,081
Amortisation of intangibles	7,618	6,693
Operating exceptional items	-	-
Change of accounting estimates – fleet depreciation	(778)	(11,314)

Notes to the financial statements (continued)

For the three months ended 30 June 2023

5. FIXED ASSETS

a) Goodwill

The total net book value of goodwill is £336.8 million (30 June 2022: £361.5 million; 31 March 2023: £342.8 million). Other than amortisation, there have been no material movements in the period.

b) Intangible assets

Intangible assets include customer contracts (arising on the acquisition of Contract Vehicles Limited in 2017) and software development costs. Management has considered indicators, compared actual performance to forecasts (please see the annual report and financial statements for the year ended 31 March 2023 for further details) and have concluded that no indicators of impairment exist at the reporting date. The total net book value of intangible assets is £341.3 million (30 June 2022: £356.7 million; 31 March 2023: £348.9 million). Other than amortisation, there have been no material movements in the period.

c) Tangible fixed assets

Tangible fixed assets include freehold land & buildings, vehicles leased to customers and equipment, fixtures & fittings.

The net book value of tangible fixed assets at 30 June 2023 was £1,018.2 million (30 June 2022: £731.0 million; 31 March 2023: £977.0 million). The increase since 31 March 2023 is largely due to additions of £159.6 million offset by depreciation of £44.4 million and disposals of £74.0 million. There were no additions or disposals in the period that were individually material. The movement in fixed assets includes the effect of a change in accounting estimates for the residual values of a cohort of our vehicles, which is further described in Management's Discussion & Analysis, accompanying these financial statements.

d) Capital commitments

At the end of the period the Group had contracted capital commitments of £448.5 million (30 June 2022: £622.2 million; 31 March 2023: £486.0 million) relating to the purchase of vehicles for leasing to its customers. These commitments are expected to be met within the next 12 months. The Group had no other capital commitments.

e) Contingent liabilities

At 30 June 2023 the Group was committed to the future purchase of vehicles with a cost of £11.7 million (30 June 2022: £74.5 million; 31 March 2023: £5.4 million).

Zenith Automotive Holdings Limited

Notes to the financial statements (continued)
For the three months ended 30 June 2023

6. DEBTORS

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 March 2023 £'000
Amounts falling due within one year:			
Trade debtors	41,576	64,262	86,739
Amounts receivable under finance leases	-	-	-
Amounts receivable under hire purchase contracts	2,213	4,587	5,815
Amounts receivable under securitised contracts	16,475	26,507	14,915
Vehicles subject to repurchase agreements	9,988	6,835	8,829
Other debtors	17,625	9,300	26,856
Corporation tax	3,876	1,630	912
Fair value of hedging instruments	28,925	13,425	17,043
Prepayments and accrued income	27,989	21,578	27,416
VAT	4,648	-	-
	153,315	148,124	188,525
Amounts falling due after more than one year:			
Amounts receivable under hire purchase contracts	17,490	14,362	17,341
Amounts receivable under securitised contracts	29,757	23,285	27,921
Vehicles subject to repurchase agreements	71,953	32,994	60,296
Prepayments and accrued income	7,329	3,464	7,223
	126,529	74,105	112,781
	279,844	**222,229**	**301,306**

Zenith Automotive Holdings Limited

Notes to the financial statements (continued)

For the three months ended 30 June 2023

7. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 March 2023 £'000
Obligations under finance leases and hire purchase contracts	112,918	51,547	118,487
Obligations under securitised contracts	239,351	331,528	237,262
Vehicles subject to repurchase agreements	9,988	6,835	8,829
Trade creditors	44,001	26,744	66,643
VAT	-	448	734
Other taxation and social security	2,982	3,862	1,813
Other creditors	19,507	10,515	23,469
Accruals and deferred income	59,135	39,857	65,293
	487,882	471,336	522,530

8. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 March 2023 £'000
Senior secured notes	466,895	465,403	466,841
Obligations under finance leases and hire purchase contracts	126,346	24,282	132,578
Obligations under securitised contracts	511,785	351,081	480,036
Vehicles subject to repurchase agreements	71,953	32,994	60,296
Loan notes	340,554	308,157	340,010
Accruals and deferred income	222,277	177,386	210,547
	1,739,810	1,359,303	1,690,308

Zenith Automotive Holdings Limited

Notes to the financial statements (continued)
For the three months ended 30 June 2023

9. NET SENIOR DEBT

	As at 1 April 2022	Cash flows	Other non-cash charges	As at 30 June 2022
Cash at bank and in hand	60,168	(13,226)	-	**46,942**
Senior term debt	475,000	-	-	**475,000**
Senior revolving facility	-	-	-	**-**
Unamortised loan arrangement costs	(10,077)	-	480	**(9,597)**
Net senior debt	**404,755**	**13,226**	**480**	**418,461**

	As at 1 April 2023	Cash flows	Other non-cash charges	As at 30 June 2023
Cash at bank and in hand	72,187	(7,999)	-	**64,188**
Senior secured notes	475,000	-	-	**475,000**
Senior revolving facility	-	-	-	**-**
Unamortised loan arrangement costs	(8,159)	-	481	**(7,678)**
Net senior debt	**394,654**	**7,999**	**481**	**403,134**

A breakdown and reconciliation of the Group's net senior debt as at 31 March 2023 can be found in note 20 to the audited financial statements for the year ended 31 March 2023.

Net senior debt includes cash and cash equivalents and bank loans drawn under the Group's senior facilities agreement (term loan and revolving credit facilities), but excludes amounts payable to shareholders of £612.1m (loan notes and preference shares), finance leases and vehicle funding £1,072.3m (including amounts drawn under the Group's securitisation arrangements).

10. RELATED PARTY TRANSACTIONS

A related party is either an individual with control or significant influence over the Group, or a company that is linked to the Group by investment or a related individual. Our primary related parties are our key management personnel**.**

Key management personnel are considered to be the Group's directors, who are members of either or both of the Group holding board or leadership board.

There were no transactions with directors for the periods covered by these consolidated financial statements, other than remuneration in connection with their roles (and as disclosed in the annual report and accounts for the financial year ended 31 March 2023).

Pursuant to the Investment Agreement between the Group, Bridgepoint and the management shareholders, Bridgepoint has appointed two directors to Topco's Board who provide financial oversight, monitoring services and other advisory services to the Group, for which Bridgepoint is entitled to an annual monitoring fee of £125,000 per director plus reasonable expenses. For the three months ended 30 June 2023 we paid a monitoring fee of £62,500 (nine months ended 30 June 2022: £62,500; year ended 31 March 2023: £250,000).

11. ULTIMATE CONTROLLING PARTY

At 31 March 2023 and 30 June 2023, the largest and smallest group in which the results of the Company were consolidated are these Group accounts.

According to the register of members maintained by Zenith Automotive Holdings Limited, a number of limited partnerships comprising the Bridgepoint Europe V Fund, which are managed by Bridgepoint Advisers Limited, and hold securities through a nominee company, BEV Nominees Limited, held a significant interest in the ordinary shares of the Company at the balance sheet date and continue to do so at the date of this report. The directors of Zenith Automotive Holdings Limited deem there not to be an ultimate controlling party as none of the investors in the Bridgepoint Europe V Fund has an effective ownership of more than 20% of the issued share capital of the Company.