

Company Registration No. 02428299 (England and Wales)

TRS TYRES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TRS TYRES LIMITED

COMPANY INFORMATION

Directors	Mr L Stonier Mr N Stonier
Secretary	Mr N Stonier
Company number	02428299
Registered office	Whitegate White Lund Industrial Estate Morecambe Lancashire United Kingdom LA3 3DB
Auditor	Azets Fleet House New Road Lancaster United Kingdom LA1 1EZ

TRS TYRES LIMITED

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TRS TYRES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

TRS Tyres performed well during the year ended 31 December 2021. The company expanded into different parts of the tyre industry and experienced growth overall showing increased turnover and profits compared to 2020. We are particularly pleased with this strong performance in an industry still feeling the effects of leaving the EU and despite the economic impact from the Covid-19 virus, lockdowns and resulting market downturns. TRS benefitted from the market focus on recycling and sustainability which increased sales of premium branded tyres, casings and re-treads.

Principal risks and uncertainties

The European tyre industry as a whole has benefitted in recent years by the implementation of the anti-dumping tariff imposed on budget Chinese imports. The European ruling has been challenged recently and the tariff will be temporarily suspended in the EU. This will have a negative impact on our trade with Europe, and possibly impact our domestic business in the future if the tariff is removed in the UK.

TRS Tyres is currently working to improve efficiencies throughout their business. The recent increase in the costs of fuel, electricity, wages and consumables will reduce profits. The company is working to lessen these effects by improving logistics and investing in energy efficient machinery.

Development and performance

During 2021 TRS Tyres entered into different areas of the truck tyre business, wholesaling new tyres and increasing the service element of the business. The total number of customers increased both abroad and domestically giving a better spread of business. The collection and recycling of truck tyre casings increased in volume through efficiencies, and new tyre sales increased as the customer base expanded.

Key performance indicators

The KPI's adopted by TRS to measure performance are turnover and operating profit.

Turnover increased from £10.9m in 2020 to £13.2m in 2021. Operating profit rose from £1.7 to over £1.8. This demonstrated a reduction in operating profit margin from 15.5% to 14.0%. This reduction is due to the increase in sales of new tyres and rising costs.

On behalf of the board

Mr N Stonier

Director

26 September 2022

TRS TYRES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the sale of tyres, casings and re-treads.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr L Stonier
Mr N Stonier

Research and development

R&D work involves the process of integrating software which enables real time collaboration with European partners, with the aim of increasing efficiencies and reducing the environmental impact of the company.

Auditor

Azets were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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.

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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

TRS TYRES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

Mr N Stonier

Director

26 September 2022

TRS TYRES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRS TYRES LIMITED

Qualified opinion on financial statements

We have audited the financial statements of TRS Tyres Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 qualified opinion

We were unable to obtain sufficient appropriate audit evidence about the opening balance sheet position as at 31 December 2020 because the entity was exempt from audit in the prior period. Since opening balances enter into the determination of the financial performance we were unable to determine whether adjustments might have been necessary in respect of profit for the year reported in the profit and loss account.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

TRS TYRES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRS TYRES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TRS TYRES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRS TYRES LIMITED

Extent to which the audit was considered capable of 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Other matters

Comparative information in the financial statements is derived from the company's prior period financial statements which were not audited.

TRS TYRES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRS TYRES LIMITED

Use of our report

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

Susanna Cassey (Senior Statutory Auditor)
For and on behalf of Azets

29 September 2022

Chartered Accountants
Statutory Auditor

Fleet House
New Road
Lancaster
United Kingdom
LA1 1EZ

TRS TYRES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	13,156,194	10,918,315
Cost of sales		(10,383,701)	(8,058,486)
Gross profit		<u>2,772,493</u>	<u>2,859,829</u>
Administrative expenses		(1,524,506)	(1,166,146)
Other operating income		589,405	-
Operating profit	5	<u>1,837,392</u>	<u>1,693,683</u>
Interest receivable and similar income	8	-	1,469
Interest payable and similar expenses	9	(68)	-
Profit before taxation		<u>1,837,324</u>	<u>1,695,152</u>
Tax on profit	10	(350,715)	(300,612)
Profit for the financial year		<u><u>1,486,609</u></u>	<u><u>1,394,540</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

TRS TYRES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12		991,581		713,283
Current assets					
Stocks	13	463,094		296,000	
Debtors	14	3,007,159		2,489,922	
Cash at bank and in hand		4,355,657		2,940,540	
		<u>7,825,910</u>		<u>5,726,462</u>	
Creditors: amounts falling due within one year	15	<u>(2,174,203)</u>		<u>(1,394,297)</u>	
Net current assets			5,651,707		4,332,165
Total assets less current liabilities			<u>6,643,288</u>		<u>5,045,448</u>
Provisions for liabilities					
Deferred tax liability	16	<u>242,335</u>		<u>131,104</u>	
			<u>(242,335)</u>		<u>(131,104)</u>
Net assets			<u>6,400,953</u>		<u>4,914,344</u>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss reserves			<u>6,400,853</u>		<u>4,914,244</u>
Total equity			<u>6,400,953</u>		<u>4,914,344</u>

The financial statements were approved by the board of directors and authorised for issue on 26 September 2022 and are signed on its behalf by:

Mr N Stonier
Director

Company Registration No. 02428299

TRS TYRES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2020		100	3,719,704	3,719,804
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	1,394,540	1,394,540
Dividends	11	-	(200,000)	(200,000)
Balance at 31 December 2020		100	4,914,244	4,914,344
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	1,486,609	1,486,609
Balance at 31 December 2021		100	6,400,853	6,400,953

TRS TYRES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	22	2,132,229		2,035,290	
Interest paid		(68)		-	
Income taxes paid		(265,349)		(123,373)	
Net cash inflow from operating activities		1,866,812		1,911,917	
Investing activities					
Purchase of tangible fixed assets		(487,969)		(288,990)	
Proceeds on disposal of tangible fixed assets		36,274		16,400	
Interest received		-		1,469	
Net cash used in investing activities		(451,695)		(271,121)	
Financing activities					
Dividends paid		-		(200,000)	
Net cash used in financing activities		-		(200,000)	
Net increase in cash and cash equivalents		1,415,117		1,440,796	
Cash and cash equivalents at beginning of year		2,940,540		1,499,744	
Cash and cash equivalents at end of year		4,355,657		2,940,540	

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

TRS Tyres Limited is a private company limited by shares incorporated in England and Wales. The registered office is Whitegate, White Lund Industrial Estate, Morecambe, Lancashire, United Kingdom, LA3 3DB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the directors have considered the impact of the COVID-19 pandemic. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	5% straight line
Plant and equipment	15% reducing balance
Fixtures and fittings	20% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of average cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Employer Financed Retirement Benefit Scheme

The company has established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, the TRS Tyres Limited Employer Financed Retirement Benefit Scheme ("The Scheme").

In accordance with Section 9 of FRS 102 the company does not include the assets and liabilities of The Scheme on its balance sheet to the extent that it considers that it will not retain any economic benefit from the assets of The Scheme and will not have control of the rights or other access to those present economic benefits.

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 to be 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Tyre sales and collections	12,595,952	10,508,986
Repairs	560,242	409,329
	<u>13,156,194</u>	<u>10,918,315</u>

	2021 £	2020 £
Other significant revenue		
Interest income	-	1,469
	<u>-</u>	<u>1,469</u>

	2021 £	2020 £
Turnover analysed by geographical market		
UK	10,034,496	8,423,726
EU	2,726,704	2,226,661
Rest of the world	394,994	267,928
	<u>13,156,194</u>	<u>10,918,315</u>

4 Exceptional item

	2021 £	2020 £
Income		
Social security	587,783	-
	<u>587,783</u>	<u>-</u>

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	144,298	10,393
Depreciation of owned tangible fixed assets	196,077	144,582
(Profit)/loss on disposal of tangible fixed assets	(22,680)	3,105
Operating lease charges	126,314	94,981
	<u>144,298</u>	<u>144,582</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Directors	2	2
Admin staff	9	8
Operations	41	38
	<u>52</u>	<u>48</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,745,393	1,528,140
Social security costs	170,722	144,036
Pension costs	81,287	81,167
	<u>1,997,402</u>	<u>1,753,343</u>

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	164,230	161,070
Company pension contributions to defined contribution schemes	81,287	81,167
	<u>245,517</u>	<u>242,237</u>

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	1,469
	<u> </u>	<u> </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	1,469
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Other finance costs:		
Other interest	68	-
	<u> </u>	<u> </u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	239,484	265,349
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	69,830	23,988
Changes in tax rates	41,401	11,275
	<u> </u>	<u> </u>
Total deferred tax	111,231	35,263
	<u> </u>	<u> </u>
Total tax charge	350,715	300,612
	<u> </u>	<u> </u>

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	1,837,324	1,695,152
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	349,092	322,079
Tax effect of expenses that are not deductible in determining taxable profit	1,125	640
Tax effect of income not taxable in determining taxable profit	13	-
Effect of change in corporation tax rate	41,401	11,275
Permanent capital allowances in excess of depreciation	12,069	(590)
Depreciation on assets not qualifying for tax allowances	195	256
Research and development tax credit	(48,870)	(33,639)
Other permanent differences	(4,310)	591
Taxation charge for the year	350,715	300,612

11 Dividends

	2021 £	2020 £
Final paid	-	200,000

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	51,280	403,954	27,734	1,163,710	1,646,678
Additions	-	315,469	3,780	168,720	487,969
Disposals	-	-	-	(49,064)	(49,064)
At 31 December 2021	51,280	719,423	31,514	1,283,366	2,085,583
Depreciation and impairment					
At 1 January 2021	24,720	233,763	18,159	656,753	933,395
Depreciation charged in the year	1,341	51,041	2,429	141,266	196,077
Eliminated in respect of disposals	-	-	-	(35,470)	(35,470)
At 31 December 2021	26,061	284,804	20,588	762,549	1,094,002
Carrying amount					
At 31 December 2021	25,219	434,619	10,926	520,817	991,581
At 31 December 2020	26,560	170,191	9,575	506,957	713,283

13 Stocks

	2021 £	2020 £
Finished goods and goods for resale	463,094	296,000

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,546,094	2,144,587
Other debtors	346,447	247,594
Prepayments and accrued income	114,618	97,741
	3,007,159	2,489,922

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,539,075	794,061
Corporation tax	239,485	265,350
Other taxation and social security	120,306	105,958
Other creditors	37,699	3,900
Accruals and deferred income	237,638	225,028
	<u>2,174,203</u>	<u>1,394,297</u>

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	<u>242,335</u>	<u>131,104</u>
Movements in the year:		2021 £
Liability at 1 January 2021		131,104
Charge to profit or loss		69,830
Effect of change in tax rate - profit or loss		41,401
Liability at 31 December 2021		<u>242,335</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>81,287</u>	<u>81,167</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	56,350	27,000
Between two and five years	146,750	-
In over five years	88,050	-
	<u> </u>	<u> </u>
	291,150	27,000
	<u> </u>	<u> </u>

20 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Rent paid 2021 £	2020 £
Other related parties	27,000	27,000
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due to related parties		
Other related parties	81,000	54,000
	<u> </u>	<u> </u>

TRS TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Directors loan account	-	60,635	1,832	(90,782)	(28,315)
Directors loan account	-	173,852	856,902	(692,653)	338,101
		<u>234,487</u>	<u>858,734</u>	<u>(783,435)</u>	<u>309,786</u>

22 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	1,486,609	1,394,540
Adjustments for:		
Taxation charged	350,715	300,612
Finance costs	68	-
Investment income	-	(1,469)
(Gain)/loss on disposal of tangible fixed assets	(22,680)	3,105
Depreciation and impairment of tangible fixed assets	196,077	144,582
Movements in working capital:		
(Increase)/decrease in stocks	(167,094)	72,000
Increase in debtors	(517,237)	(115,657)
Increase in creditors	805,771	237,577
Cash generated from operations	<u>2,132,229</u>	<u>2,035,290</u>

23 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	<u>2,940,540</u>	<u>1,415,117</u>	<u>4,355,657</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.