

4X4 ACCESSORIES & TYRES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021



4X4 ACCESSORIES & TYRES LIMITED

COMPANY INFORMATION

Directors	T Snowden I C Robinson N F Knagenhielm-Karlsson (appointed 17 December 2021) A Nordby (appointed 17 December 2021)
Registered number	04510524
Registered office	Meridian Park Tutin Rd Leeming Bar Northallerton North Yorkshire DL7 9UJ
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

4X4 ACCESSORIES & TYRES LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 8
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 26

4X4 ACCESSORIES & TYRES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their strategic report for the year ended 30 September 2021.

The directors aim to present a balanced and comprehensive review of the business during the year and its position as at the year-end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties which are faced.

Overview

The principal activity of the company during the year was the provision of accessories and tyres for the pick up truck and commercial vehicle markets.

In the year under review, only November was subject to any significant Covid-19 interruption; overall, the company has responded well in a challenging environment to produce very strong financial results for the 12-months to 30 September 2021. Turnover increased by 31% from 2020 levels to £21.455 million, EBITDA was £5.141 million, £1.82 million above the 2020 level; an increase of 55%; generating an EBITDA margin of 24%. Pickup truck new registrations in the UK market increased by 1.7% in the financial to 41,059 registrations. The majority of the company's growth came from increased market share, price increases and a focus on growing the retail and wholesale parts of the business by introducing a number of new products; the company also acted proactively to the introduction of new vehicle models during the year.

Gross Margins in 2021 improved on the corresponding numbers of 2020 and this was due to the higher relative share of turnover accounted for by retail customers in 2021 compared to 2020. Margins from Original Equipment ('OE') clients, whilst below those achieved in the wholesale and retail parts of the business, also improved in 2021. The major challenges faced by the business during the year were (i) Brexit and (ii) the container shipping crisis. Brexit has caused a large increase in administrative paperwork but the business has been successful in continuing to build relationships with all of its major non-UK clients despite the added costs of import duties on goods flowing back into Europe. The container crisis has presented a bigger challenge with container costs increasing on average by a factor of 5 between the start and the end of the financial year; the company has worked very hard with customers to help them understand the issues and the need for a number of price increases particularly on the bigger items such as Hard Tops.

Review of business

The board monitors the performance of the company using the following key performance indicators: turnover, gross margin percentage, EBITDA and net working capital. All of these measures are monitored on a monthly basis with the first 3 measures being analysed down to major sales channel level (i.e. 4x4 retail, NLG wholesale and each major OE manufacturer account).

Each of these measures are not only monitored against historic trends but also against an annual budget split down into 12 monthly trading periods. The company produces a comprehensive suite of transactional and margin data each month to inform operating decisions and to ensure that profit margins on products are controlled and improved where possible.

The results show significant increases in both turnover and EBITDA with a consequent increase in the EBITDA Margin %. Net working capital increased due to increases in stock levels in the last 4 months of the year and higher debtor balances driven by the significant turnover increase. Across the financial year Net Working Capital averaged £4,690,000.

	2021 £	2020 £	Change in year £	Change in year %
Turnover	21,454,824	16,418,276	5,036,548	31
Gross margin %	36	34	-	-
EBITDA	5,140,510	3,312,183	1,828,327	55
EBITDA margin %	24	20	-	-
Net working capital	6,262,000	5,447,689	817,311	15

4X4 ACCESSORIES & TYRES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Principal risks and uncertainties

The Board considers the following to be the key risks of the business:

Foreign exchange risk

In the financial year, the company purchased 42% of its goods for resale in foreign currency and it is therefore exposed to exchange rate fluctuations. The board's policy is to hedge against all of its non-sterling trade creditors through a series of forward buying foreign exchange contracts to buy Thai Baht's, Euros and US dollars with monthly maturity profiles matching the expected trade creditor settlement dates.

Business performance risk

The board manages the risk that the company may not perform as expected either due to internal factors or external pressures by monthly monitoring of key performance measures against budget and forecast. It ensures that the appropriate management teams are in place, financial controls are operating effectively, prices are being monitored, response times are fast and strong relationships with customers and suppliers are being maintained.

Inflation risk

Inflationary trends for commodities, particularly plastics/petrochemicals may well increase – not least due to Geo-Political instability particularly in the Middle East region. This would impact on the cost of goods purchased, particularly on imports from the Far East, where these inputs form a high proportion of finished goods prices.

The cost of shipping has increased significantly in 2021 and whilst there are signs that the increases have plateaued, further increases cannot be ruled out. If any of these cost inflation risks materialise, the company's selling prices may have to increase to the extent that it cannot mitigate their impact by other process and efficiency improvements.

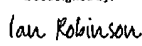
Customer risk

Loss of contracts from, or insolvency of, a major customer, would affect the short-term performance of the company. There were no major defaults or write-offs in 2021 and these risks are considered low for the coming year. Whilst there are some large individual accounts within the block of major manufacturer customers which comprise 28% (2020:33%) of the company's turnover, these balances represent a tiny fraction of business which these multi-national companies do globally and the directors consider them to be low risk. All account customers with the company are credit checked and credit limits established according to their risk profile.

Commercial risk

The Directors consider that the demand for pickup trucks continues to remain strong. The last two years have seen lower volumes of newly registered pickups in the UK due to 'supply-side' factors, notably Covid-19 and the related manufacturer factory shut-downs and also the shortage of supply of micro-chips in the automotive industry which is affecting vehicle production. Whilst neither of these issues is considered detrimental to the medium term growth of the sector in which the company operates, there could be short term disruption if vehicle production becomes disrupted.

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

DocuSigned by:

33D6C7E777DC4E0...

I C Robinson
Director

Date: 04 March 2022

4X4 ACCESSORIES & TYRES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £4,073,466 (2020: £2,663,159).

During the year, total dividends paid amounted to £147,163 (2020: £297,163).

Directors

The directors who served during the year are listed on the company information page.

4X4 ACCESSORIES & TYRES LIMITED

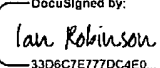
**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

DocuSigned by:

33D6C7E777DC4E0...

I C Robinson
Director

Date: 04 March 2022

4X4 ACCESSORIES & TYRES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4X4 ACCESSORIES & TYRES LIMITED

Opinion

We have audited the financial statements of 4X4 Accessories & Tyres Limited (the 'company') for the year ended 30 September 2021, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council'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.

4X4 ACCESSORIES & TYRES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4X4 ACCESSORIES & TYRES LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

4X4 ACCESSORIES & TYRES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4X4 ACCESSORIES & TYRES LIMITED (CONTINUED)

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.

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

Our assessment focused on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, including a review of legal and professional nominal codes;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit work over the risk of management 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 bias, specifically in relation to the stock provision, bad debt provision and warranty provision.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims and reviewing legal and professional expenses; and
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

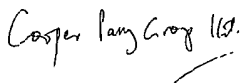
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

4X4 ACCESSORIES & TYRES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4X4 ACCESSORIES & TYRES LIMITED
(CONTINUED)**

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.



Steven Ellis (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 4 March 2022

4X4 ACCESSORIES & TYRES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Turnover	1,3	21,454,824	16,418,276
Cost of sales		(13,752,172)	(10,834,783)
Gross profit		<u>7,702,652</u>	<u>5,583,493</u>
Distribution costs		(732,082)	(639,905)
Administrative expenses		(2,133,155)	(1,887,434)
Other operating income	4	133,454	157,582
Operating profit	5	<u>4,970,869</u>	<u>3,213,736</u>
Interest receivable and similar income		115,781	131,002
Interest payable and similar expenses		(24,271)	(45,566)
Profit before taxation		<u>5,062,379</u>	<u>3,299,172</u>
Taxation on profit	8	(988,913)	(636,013)
Profit for the financial year		<u><u>4,073,466</u></u>	<u><u>2,663,159</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account.

The notes on pages 12 to 26 form part of these financial statements.

4X4 ACCESSORIES & TYRES LIMITED
REGISTERED NUMBER: 04510524

BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible fixed assets	10	70,400	42,218
Tangible fixed assets	11	2,388,961	2,049,942
Investments	12	477,000	477,000
Investment property	13	112,000	112,000
		<u>3,048,361</u>	<u>2,681,160</u>
Current assets			
Stocks	14	7,544,164	4,335,613
Debtors	15	8,913,675	8,056,661
Cash at bank and in hand		3,013,667	3,836,995
		<u>19,471,506</u>	<u>16,229,269</u>
Creditors: amounts falling due within one year	16	<u>(6,709,458)</u>	<u>(6,368,361)</u>
Net current assets		<u>12,762,048</u>	<u>9,860,908</u>
Total assets less current liabilities		<u>15,810,409</u>	<u>12,542,068</u>
Creditors: amounts falling due after more than one year	17	-	(703,603)
Deferred tax		(76,339)	(30,698)
Net assets		<u><u>15,734,070</u></u>	<u><u>11,807,767</u></u>
Capital and reserves			
Called up share capital	20	100	100
Revaluation reserve	21	7,000	7,000
Profit and loss account	21	15,726,970	11,800,667
Shareholders' funds		<u><u>15,734,070</u></u>	<u><u>11,807,767</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
Ian Robinson
33D6C7E777DC4E0...

I C Robinson
Director

Date: 04 March 2022

The notes on pages 12 to 26 form part of these financial statements.

4X4 ACCESSORIES & TYRES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2020	100	7,000	11,800,667	11,807,767
Profit for the year	-	-	4,073,466	4,073,466
Dividends paid	-	-	(147,163)	(147,163)
At 30 September 2021	100	7,000	15,726,970	15,734,070

The notes on pages 12 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	100	7,000	9,434,671	9,441,771
Profit for the year	-	-	2,663,159	2,663,159
Dividends paid	-	-	(297,163)	(297,163)
At 30 September 2020	100	7,000	11,800,667	11,807,767

The notes on pages 12 to 26 form part of these financial statements.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

4x4 Accessories & Tyres Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in sterling (£), which is the functional currency of the company. The financial statements are for the year ended 30 September 2021 (2020: year ended 30 September 2020).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following accounting policies have been applied consistently throughout the year:

1.2 Going concern

At the balance sheet date the company had a strong net current asset position. At the time of signing these accounts, the directors have prepared forecasts based on future trading expectations, and consider that this does indicate that the company will continue to trade for a period of at least 12 months from the date of signing these accounts due to the banking facilities available to it.

On that basis, the directors have prepared these financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Website design	-	33% reducing balance
----------------	---	----------------------

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following methods below.

Depreciation is provided on the following basis:

Land and buildings	-	2% straight line per annum
Plant and machinery	-	25% reducing balance per annum
Motor vehicles	-	25% reducing balance per annum
Fixtures and fittings	-	33% reducing balance per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

1.6 Valuation of investments

Investments are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

1.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

Government grants relate to the receipt of Coronavirus Job Retention Scheme income which is included within other operating income in the profit and loss account.

1.12 Provisions

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

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

1.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in the period to which they relate.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account in the period to which they relate.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.14 Finance costs

Finance costs are charged to the profit and loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.16 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.17 Pensions

The company contributes to defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in other creditors as a liability in the balance sheet. The assets of the plans are held separately from the company in independently administered funds.

1.18 Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of non-current assets

The directors assess the impairment of tangible and intangible fixed assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- 1) Significant under performance relative to historical or projected future operating results;
- 2) Significant changes in the use of the acquired assets or the business strategy, and
- 3) Significant negative industry or economic trends.

Depreciation, amortisation and residual value

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

Carrying value of stock

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors.

Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payments terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge will be recognised in the profit and loss account.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Judgements in applying accounting policies (continued)

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probably that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. External advice is sought where appropriate.

Leases

The directors determine whether leases entered into by the company as a lessor or lessee are operating leases or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of what taxation is likely to be due.

Management estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon timing and level of future taxable profits.

3. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sale of goods	21,454,824	16,418,276

All turnover arose within the United Kingdom.

4. Other operating income

	2021 £	2020 £
Government grants receivable - Coronavirus Job Retention Scheme	54,046	89,700
Rental income	79,408	67,882
	133,454	157,582

4X4 ACCESSORIES & TYRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021****5. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Amortisation of intangible fixed assets	4,679	28,616
Depreciation of tangible fixed assets	66,636	69,831
Operating lease rentals	294,236	193,284
Auditors remuneration	19,000	8,000
Difference on foreign exchange	117,922	(145,815)
	<u>117,922</u>	<u>(145,815)</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	1,309,466	862,955
Social security costs	118,887	113,478
Other pension costs	32,720	35,455
	<u>1,461,073</u>	<u>1,011,888</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production staff	44	38
Management staff	4	4
	<u>48</u>	<u>42</u>

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	90,000	97,769
Directors pension costs	1,317	3,562
	<u>91,317</u>	<u>101,331</u>

During the year retirement benefits were accruing to 1 (2020: 1) directors in respect of defined contribution pension schemes.

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	943,272	644,833
Adjustments in respect of previous periods	-	(2,486)
Total current tax	<u>943,272</u>	<u>642,347</u>
Deferred tax		
Origination and reversal of timing differences	45,641	-
Changes to tax rates	-	(6,334)
Total deferred tax	<u>45,641</u>	<u>(6,334)</u>
Taxation on profit on ordinary activities	<u>988,913</u>	<u>636,013</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>5,062,379</u>	<u>3,299,172</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	961,852	626,843
Effects of:		
Expenses not deductible for tax purposes	10,578	125
Capital allowances for year in excess of depreciation	-	7,174
Adjustments to tax charge in respect of prior periods	-	1,871
Fixed assets differences	(1,838)	-
Adjustments to deferred tax rates	18,321	-
Total tax charge for the year	<u>988,913</u>	<u>636,013</u>

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was enacted on 24 May 2021 and so the deferred tax at the 30 September 2021 and applied in these accounts is still 19%.

4X4 ACCESSORIES & TYRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021****9. Dividends**

	2021 £	2020 £
Dividends paid	147,163	297,163

10. Intangible assets

	Domain names £	Website design £	Goodwill £	Total £
Cost				
At 1 October 2020	28,041	128,099	2,400,002	2,556,142
Additions	5,292	27,569	-	32,861
At 30 September 2021	33,333	155,668	2,400,002	2,589,003
Amortisation				
At 1 October 2020	-	113,922	2,400,002	2,513,924
Charge for the year	-	4,679	-	4,679
At 30 September 2021	-	118,601	2,400,002	2,518,603
Net book value				
At 30 September 2021	33,333	37,067	-	70,400
At 30 September 2020	28,041	14,177	-	42,218

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Total £
Cost						
At 1 October 2020	2,034,354	194,503	41,074	111,561	-	2,381,492
Additions	214,271	140,202	-	7,664	43,518	405,655
At 30 September 2021	<u>2,248,625</u>	<u>334,705</u>	<u>41,074</u>	<u>119,225</u>	<u>43,518</u>	<u>2,787,147</u>
Depreciation						
At 1 October 2020	48,739	181,706	20,071	81,034	-	331,550
Charge for the year	43,079	6,543	5,251	11,763	-	66,636
At 30 September 2021	<u>91,818</u>	<u>188,249</u>	<u>25,322</u>	<u>92,797</u>	<u>-</u>	<u>398,186</u>
Net book value						
At 30 September 2021	<u>2,156,807</u>	<u>146,456</u>	<u>15,752</u>	<u>26,428</u>	<u>43,518</u>	<u>2,388,961</u>
At 30 September 2020	<u>1,985,615</u>	<u>12,797</u>	<u>21,003</u>	<u>30,527</u>	<u>-</u>	<u>2,049,942</u>

Included in land and buildings is freehold land at a cost of £12,875 (2020: £12,875), which is not depreciated.

12. Fixed asset investments

	Other fixed asset investments £
Valuation	
At 1 October 2020 and 30 September 2021	<u>477,000</u>
Net book value	
At 1 October 2020 and 30 September 2021	<u>477,000</u>

4X4 ACCESSORIES & TYRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021****13. Investment property**

	Freehold investment property £
Valuation	
At 1 October 2020 and 30 September 2021	112,000

The directors believe that there is no change to the valuation of the investment property and as such the valuation represents fair value and is based on an existing use basis.

14. Stocks

	2021 £	2020 £
Raw materials and consumables	7,544,164	4,335,613
	<u>7,544,164</u>	<u>4,335,613</u>

15. Debtors

	2021 £	2020 £
Trade debtors	3,099,609	2,550,179
Amounts owed by group undertakings	4,356,737	1,626,536
Other debtors	1,352,677	3,781,243
Prepayments and accrued income	104,652	98,703
	<u>8,913,675</u>	<u>8,056,661</u>

4X4 ACCESSORIES & TYRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021****16. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Bank overdrafts	-	14,055
Bank loans	745,621	2,716,477
Trade creditors	3,737,829	1,438,103
Corporation tax	608,059	1,058,874
Other taxation and social security	758,674	492,111
Other creditors	237,252	356,779
Accruals and deferred income	622,023	291,962
	<u>6,709,458</u>	<u>6,368,361</u>

The bank loans and overdrafts are secured over the company's freehold property.

17. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	-	703,603
	<u>-</u>	<u>703,603</u>

The bank loans and overdrafts are secured over the company's freehold property.

18. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	745,621	2,716,477
Amounts falling due 1-2 years		
Bank loans	-	703,603
	<u>745,621</u>	<u>3,420,080</u>

4X4 ACCESSORIES & TYRES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021****19. Deferred taxation**

	2021 £	2020 £
At the beginning of the year	30,698	37,032
Charged to the profit or loss account	45,641	(6,334)
At end of year	<u>76,339</u>	<u>30,698</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	91,032	30,698
Short term timing differences	(14,693)	-
	<u>76,339</u>	<u>30,698</u>

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
50 Ordinary A shares of £1 each	50	50
50 Ordinary B shares of £1 each	50	50
	<u>100</u>	<u>100</u>

All shares rank pari passu.

21. Reserves**Revaluation reserve**

The revaluation reserve represents amounts revalued in prior periods in relation to freehold property.

Profit and loss account

Retained earnings represents accumulated profit and losses for the year and prior periods less dividends paid.

22. Pension commitments

The company contributes to defined contribution pension schemes. The pension cost charge represents contributions payable by the company to the funds and amounted to £32,720 (2020: £34,455).

4X4 ACCESSORIES & TYRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

23. Commitments under operating leases

At 30 September 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	294,236	193,284
Later than 1 year and not later than 5 years	298,718	-
Later than 5 years	-	-
	<u>592,954</u>	<u>193,284</u>

24. Related party transactions

Included in other debtors at the year end was a loan totalling £1,110,038 (2020: £1,086,783) made to a company under common control of a director. The loan is repayable on demand and interest of £97,766 was received during the year.

Included in amounts due from group undertakings were amounts totalling £4,356,737 (2020: £1,626,536) due from NLG Group Limited, the company's majority shareholder.

During the year £88,000 was paid in property rentals to a company under common directorship. No amounts were outstanding at the year end.

During the year £133,603 was paid in property rentals to a director of the company. No amounts were outstanding at the year end.

During the year £64,109 was paid in property rentals to a Pension Scheme, of which certain directors are trustees and beneficiaries. No amounts were outstanding at the year end.

25. Post balance sheet events

On 17 December 2021, a controlling stake of the ordinary share capital of the company's immediate parent undertaking, NLG Group Limited, was acquired by Roko AB, a company incorporated in Sweden. Following the acquisition, the company has disposed of its freehold property and its fixed asset investments, these disposals do not alter the company's trading plans.

26. Controlling party

At the year end, the company's immediate and ultimate parent company was NLG Group Limited, which is incorporated within England and Wales. The ultimate controlling party was considered to be T Snowden by virtue of his shareholding.

Subsequent to the year end and following the acquisition, as discussed in note 25, the ultimate controlling party is Roko AB, a company incorporated in Sweden.