

Registration number: 06978507



S and M Tyres Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 January 2017

Tyas & Company
Chartered Accountants

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S and M Tyres Holdings Limited

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S and M Tyres Holdings Limited

Strategic Report for the Year Ended 31 January 2017

The directors present their strategic report for the year ended 31 January 2017.

Principal activity

The principal activity of the group is selling tyres; we sell to the public and local businesses through fourteen fast-fit centres that trade as Elite Garages. We wholesale tyres to the motor trade across southern England as EG Wholesale.

In addition we operate eight petrol stations in West Sussex, Surrey, Hampshire and Cornwall.

Fair review of the business

We consider the key financial performance indicators are those that communicate the financial performance and strength of the group as a whole being turnover and gross margin.

The products that we deal in are closely related to the price of oil and the exchange rate of the dollar, these factors along with interest rates and the effect of our competitors are the major risks and uncertainties we face.

The petrol forecourts saw an increase in fuel volume of some 2.8% however much of this was supplied to commercial customers via bunkering arrangements which meant that the value increase was only 0.74%. There was an increase in shop turnover of around 2.7%, overall the forecourt operation showed a 1% increase in turnover. Gross margin rose by 2.4%.

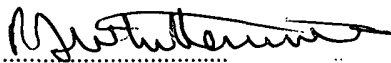
The tyre based side of our operation had a very flat year. In terms of the figures, both the retail and wholesale businesses supplied virtually the same quantity of goods as last year. Increased staff numbers as a result of additional dealership business and the move to our new warehouse has seen a large fall in the wholesale gross profit this year. Our retail business however had a very good year with increases in the numbers of MOT tests carried out and additional workshop work as a result.

Our total turnover for the year increased to £44.1m (2016 - £41.3m) an increase of 6.7% and our gross profit decreased to £4.2m (2016 - £4.5m) a 4.8% fall.

Principal risks and uncertainties

The risks and uncertainties in our business are affected by international exchange rates, commodity prices and general business confidence. Changes in the level of competition from other tyre sellers and petrol retailers will also have a bearing.

Approved by the Board on 11 October 2017 and signed on its behalf by:


.....
R J Whittemore
Director

S and M Tyres Holdings Limited

Directors' Report for the Year Ended 31 January 2017

The directors present their report and the for the year ended 31 January 2017.

Directors of the group

The directors who held office during the year were as follows:

R J Whittemore

S D Whittemore

M P Whittemore

Financial instruments

Objectives and policies

The group does not actively use financial instruments as part of its financial risk management. The group's policy is to finance working capital through the use of loan advances. The group is exposed to the usual credit and cash flow risk associated with selling on credit. The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the group's financial position or results for the year.

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors and loans to the business. The main purpose of the instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility by management of credit facilities.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

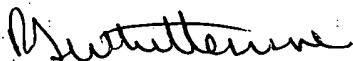
It is the group's policy to ensure settlement of supplier invoices in accordance with the stated terms.

The business manages the liquidity risk by ensuring that there are sufficient funds available for operations.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 11 October 2017 and signed on its behalf by:



R J Whittemore
Director

S and M Tyres Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

S and M Tyres Holdings Limited

Independent Auditor's Report to the Members of S and M Tyres Holdings Limited

We have audited the financial statements of S and M Tyres Holdings Limited for the year ended 31 January 2017, set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors:

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 January 2017 and of the group's 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our 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.

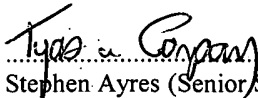
S and M Tyres Holdings Limited

Independent Auditor's Report to the Members of S and M Tyres Holdings Limited

Matters on which we are required to report by exception

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.



Stephen Ayres (Senior Statutory Auditor)

For and on behalf of Tyas & Company, Statutory Auditor

5 East Park
Crawley
West Sussex
RH10 6AN

11 October 2017

S and M Tyres Holdings Limited

Consolidated Profit and Loss Account for the Year Ended 31 January 2017

	Note	2017 £	2016 £
Turnover	3	44,113,302	41,316,333
Cost of sales		<u>(39,831,291)</u>	<u>(36,816,264)</u>
Gross profit		4,282,011	4,500,069
Administrative expenses		(3,406,057)	(3,451,043)
Other operating income		<u>234,867</u>	<u>200,961</u>
Operating profit	4	1,110,821	1,249,987
Income from other fixed asset investments		158,396	82,798
Other interest receivable and similar income	5	162	799
Interest payable and similar expenses	6	<u>(51,761)</u>	<u>(34,089)</u>
Profit before tax		1,217,618	1,299,495
Taxation	10	<u>(241,438)</u>	<u>(261,436)</u>
Profit for the financial year		<u>976,180</u>	<u>1,038,059</u>
Profit/(loss) attributable to:			
Owners of the company		<u>976,180</u>	<u>1,038,059</u>

The above results were derived from continuing operations.

The group has no recognised gains or losses for the year other than the results above.

S and M Tyres Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 January 2017

	2017	2016
	£	£
Profit for the year	<u>976,180</u>	<u>1,038,059</u>
Total comprehensive income for the year	<u>976,180</u>	<u>1,038,059</u>
Total comprehensive income attributable to:		
Owners of the company	<u>976,180</u>	<u>1,038,059</u>

The notes on pages 13 to 28 form an integral part of these financial statements.

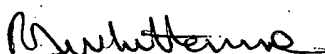
S and M Tyres Holdings Limited

(Registration number: 06978507)

Consolidated Balance Sheet as at 31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	9,336,259	9,436,865
Investment property	13	583,232	-
Investments		541,087	382,691
Other financial assets	15	8,239	8,239
		<u>10,468,817</u>	<u>9,827,795</u>
Current assets			
Stocks	16	2,603,821	1,994,811
Debtors	17	4,365,238	2,402,352
Cash at bank and in hand		4,350	4,300
		<u>6,973,409</u>	<u>4,401,463</u>
Creditors: Amounts falling due within one year	19	<u>(8,911,432)</u>	<u>(6,730,402)</u>
Net current liabilities		<u>(1,938,023)</u>	<u>(2,328,939)</u>
Total assets less current liabilities		8,530,794	7,498,856
Creditors: Amounts falling due after more than one year	19	(2,647,392)	(1,930,000)
Provisions for liabilities	20	<u>(125,805)</u>	<u>(116,017)</u>
Net assets		<u>5,757,597</u>	<u>5,452,839</u>
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account		<u>5,757,497</u>	<u>5,452,739</u>
Equity attributable to owners of the company		<u>5,757,597</u>	<u>5,452,839</u>
Total equity		<u>5,757,597</u>	<u>5,452,839</u>

Approved and authorised by the Board on 11 October 2017 and signed on its behalf by:



 R J Whittemore
 Director

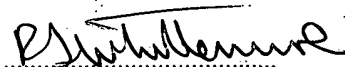
S and M Tyres Holdings Limited

(Registration number: 06978507)
Balance Sheet as at 31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	7,810,698	8,406,120
Investment property	13	583,232	-
Investments	14	<u>316,767</u>	<u>316,767</u>
		8,710,697	8,722,887
Creditors: Amounts falling due within one year	19	<u>(5,190,197)</u>	<u>(5,356,862)</u>
Net assets		<u>3,520,500</u>	<u>3,366,025</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>3,520,400</u>	<u>3,365,925</u>
Total equity		<u>3,520,500</u>	<u>3,366,025</u>

The company made a profit after tax for the financial year of £825,897 (2016 - profit of £935,451).

Approved and authorised by the Board on 11 October 2017 and signed on its behalf by:



R J Whittemore
Director

S and M Tyres Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 January 2017 Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 February 2016	100	5,452,739	5,452,839	5,452,839
Profit for the year	-	976,180	976,180	976,180
Total comprehensive income	-	976,180	976,180	976,180
Dividends	-	(671,422)	(671,422)	(671,422)
At 31 January 2017	100	5,757,497	5,757,597	5,757,597

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 February 2015	100	5,151,624	5,151,724	5,151,724
Profit for the year	-	1,038,059	1,038,059	1,038,059
Total comprehensive income	-	1,038,059	1,038,059	1,038,059
Dividends	-	(736,944)	(736,944)	(736,944)
At 31 January 2016	100	5,452,739	5,452,839	5,452,839

The notes on pages 13 to 28 form an integral part of these financial statements.

S and M Tyres Holdings Limited

Statement of Changes in Equity for the Year Ended 31 January 2017

	Share capital £	Profit and loss account £	Total £
At 1 February 2016	100	3,365,925	3,366,025
Profit for the year	-	825,897	825,897
Total comprehensive income	-	825,897	825,897
Dividends	-	(671,422)	(671,422)
At 31 January 2017	100	3,520,400	3,520,500

	Share capital £	Profit and loss account £	Total £
At 1 February 2015	100	3,167,418	3,167,518
Profit for the year	-	935,451	935,451
Total comprehensive income	-	935,451	935,451
Dividends	-	(736,944)	(736,944)
At 31 January 2016	100	3,365,925	3,366,025

The notes on pages 13 to 28 form an integral part of these financial statements.

S and M Tyres Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 January 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		976,180	1,038,059
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	385,909	349,614
Finance income		(158,558)	(83,597)
Finance costs	6	51,761	34,089
Income tax expense	10	241,438	261,436
		<u>1,496,730</u>	<u>1,599,601</u>
Working capital adjustments			
(Increase)/decrease in stocks	16	(609,010)	97,422
Increase in trade debtors	17	(1,962,886)	(162,911)
Increase/(decrease) in trade creditors	19	1,753,123	(483,415)
Cash generated from operations		677,957	1,050,697
Income taxes paid	10	(227,328)	(312,949)
Net cash flow from operating activities		<u>450,629</u>	<u>737,748</u>
Cash flows from investing activities			
Interest received		162	799
Acquisitions of tangible assets		(936,246)	(2,150,844)
Sale of tangible assets		67,711	5,473
Net cash flows from investing activities		<u>(868,373)</u>	<u>(2,144,572)</u>
Cash flows from financing activities			
Interest paid	6	(51,761)	(34,089)
Proceeds from bank borrowing draw downs		904,500	1,650,000
Repayment of bank borrowing		(240,000)	(240,000)
Dividends paid		(671,422)	(736,944)
Net cash flows from financing activities		<u>(58,683)</u>	<u>638,967</u>
Net decrease in cash and cash equivalents		(476,427)	(767,857)
Cash and cash equivalents at 1 February		<u>(774,558)</u>	<u>(6,701)</u>
Cash and cash equivalents at 31 January		<u>(1,250,985)</u>	<u>(774,558)</u>

The notes on pages 13 to 28 form an integral part of these financial statements.

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom.

The address of its registered office is:

Elite Garages
Brighton Road
Mannings Heath
Horsham
West Sussex
RH13 6HY

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency is sterling.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 January 2017.

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's profit/(loss) for the financial year was £825,897, (2016 - £935,451).

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts joint ventures are accounted for using the equity method.

Going concern

The financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Group recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Group's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	Straight line over fifty years
Leasehold property	Straight line over the life of the lease
Plant and machinery	25% reducing balance basis
Motor vehicles	25% reducing balance basis

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by the directors. The directors use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	100% in year of acquisition

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method for fuel stock. Tyre stock is valued using the average cost method.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Sale of goods and services	40,420,519	37,861,543
Rendering of services	3,692,783	3,454,790
	<u>44,113,302</u>	<u>41,316,333</u>

4 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	<u>385,909</u>	<u>349,614</u>

5 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	77	799
Other finance income	<u>85</u>	<u>-</u>
	<u>162</u>	<u>799</u>

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

6 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	1,869	81
Interest expense on other finance liabilities	49,892	34,008
	<u>51,761</u>	<u>34,089</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	4,802,832	4,319,638
Social security costs	369,308	333,578
Pension costs, defined contribution scheme	74,614	69,958
Other employee expense	31,043	26,944
	<u>5,277,797</u>	<u>4,750,118</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Production	221	205
Administration and support	13	13
Other departments	3	3
	<u>237</u>	<u>221</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	<u>32,104</u>	<u>28,621</u>

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

9 Auditors' remuneration

	2017 £	2016 £
Audit of these financial statements	1,100	1,500
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>14,100</u>	<u>9,050</u>
	<u>15,200</u>	<u>10,550</u>
Other fees to auditors		
Taxation compliance services	<u>1,700</u>	<u>5,700</u>

10 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	230,197	258,016
UK corporation tax adjustment to prior periods	<u>1,453</u>	<u>(19,145)</u>
	231,650	238,871
Deferred taxation		
Arising from origination and reversal of timing differences	<u>9,788</u>	<u>22,565</u>
Tax expense in the income statement	<u>241,438</u>	<u>261,436</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 20% (2016 - 20.16%).

The differences are reconciled below:

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

	2017 £	2016 £
Profit before tax	<u>1,217,618</u>	<u>1,299,495</u>
Corporation tax at standard rate	243,524	261,999
Decrease from effect of joint-ventures and associates results reported net of tax	(31,679)	(16,693)
Effect of expense not deductible in determining taxable profit (tax loss)	5,545	3,250
Increase/(decrease) in UK and foreign current tax from adjustment for prior periods	1,453	(19,145)
Tax increase/(decrease) from effect of capital allowances and depreciation	4,142	(6,370)
Tax increase from other short-term timing differences	9,788	22,565
Tax increase from effect of unrelieved tax losses carried forward	<u>8,665</u>	<u>15,830</u>
Total tax charge	<u>241,438</u>	<u>261,436</u>

Deferred tax

Group

Deferred tax assets and liabilities

2017

Capital allowances and depreciation

**Liability
£**

125,805

2016

Capital allowances and depreciation

**Liability
£**

116,017

It is not possible to estimate the future reversal of the deferred tax liability.

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

11 Intangible assets

Group	Goodwill £	Total £
Cost or valuation		
At 1 February 2016	27,500	27,500
At 31 January 2017	27,500	27,500
Amortisation		
At 1 February 2016	27,500	27,500
At 31 January 2017	27,500	27,500
Carrying amount		
At 31 January 2017	-	-
At 31 January 2016	-	-

12 Tangible assets

Group	Land and buildings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 February 2016	9,400,650	987,756	1,672,136	12,060,542
Additions	198,273	195,298	542,675	936,246
Disposals	(626,737)	(199,446)	(19,984)	(846,167)
At 31 January 2017	8,972,186	983,608	2,194,827	12,150,621
Depreciation				
At 1 February 2016	907,161	505,063	1,211,453	2,623,677
Charge for the year	118,079	137,498	130,332	385,909
Eliminated on disposal	(43,505)	(145,365)	(6,354)	(195,224)
At 31 January 2017	981,735	497,196	1,335,431	2,814,362
Carrying amount				
At 31 January 2017	7,990,451	486,412	859,396	9,336,259
At 31 January 2016	8,493,489	482,693	460,683	9,436,865

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

Included within the net book value of land and buildings above is £7,668,281 (2016 - £8,263,703) in respect of freehold land and buildings and £322,170 (2016 - £229,786) in respect of short leasehold land and buildings.

Company

	Land and buildings £	Total £
Cost or valuation		
At 1 February 2016	8,685,232	8,685,232
Additions	60,000	60,000
Disposals	(626,737)	(626,737)
At 31 January 2017	<u>8,118,495</u>	<u>8,118,495</u>
Depreciation		
At 1 February 2016	279,112	279,112
Charge for the year	72,190	72,190
Eliminated on disposal	(43,505)	(43,505)
At 31 January 2017	<u>307,797</u>	<u>307,797</u>
Carrying amount		
At 31 January 2017	<u>7,810,698</u>	<u>7,810,698</u>
At 31 January 2016	<u>8,406,120</u>	<u>8,406,120</u>

Included within the net book value of land and buildings above is £7,810,698 (2016 - £8,406,120) in respect of freehold land and buildings.

13 Investment properties

Group

	2017 £
Transfers to and from owner-occupied property	<u>583,232</u>
There has been no valuation of investment property by an independent valuer.	

Company

	2017 £
Transfers to and from owner-occupied property	<u>583,232</u>
There has been no valuation of investment property by an independent valuer.	

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

14 Investments

Company

	2017 £	2016 £
Investments in subsidiaries	100	100
Investments in joint ventures	316,667	316,667
	<u>316,767</u>	<u>316,767</u>

Subsidiaries

Cost or valuation

At 1 February 2016 and 31 January 2017

100

Carrying amount

At 31 January 2017

100

At 31 January 2016

100

Joint ventures

Cost

At 1 February 2016 and 31 January 2017

316,667

Carrying amount

At 31 January 2017

316,667

At 31 January 2016

316,667

Aggregate financial information of joint ventures

	2017 £	2016 £
Total assets	11,763,573	10,466,839
Total liabilities	(9,774,060)	(8,952,561)
Net assets	<u>1,989,513</u>	<u>1,514,278</u>
Revenues	<u>26,758,530</u>	<u>23,600,569</u>
Profit or loss	<u>475,235</u>	<u>248,415</u>

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
S and M Tyres Limited	Elite Garages Brighton Road Mannings Heath Horsham West Sussex RH13 6HY United Kingdom	Ordinary	100%	100%
Joint ventures				
Group Tyre Wholesale Limited	Group House Park Street Aylesbury Buckinghamshire HP20 1QN United Kingdom	Ordinary	33.33%	33.33%

The principal activity of S and M Tyres Limited is tyre wholesale and petrol forecourts.

The profit for the financial period of Group Tyre Wholesale Limited was £475,235 and the aggregate amount of capital and reserves at the end of the period was £1,989,513.

The financial period end of Group Tyre Wholesale Limited is 31 December.

15 Other financial assets

Group

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 February 2016	8,239	8,239
At 31 January 2017	8,239	8,239
Carrying amount		
At 31 January 2017	8,239	8,239
At 31 January 2016	8,239	8,239

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

16 Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other inventories	<u>2,603,821</u>	<u>1,994,811</u>	<u>-</u>	<u>-</u>

Group

The cost of stocks recognised as an expense in the year amounted to £35,425,681 (2016 - £32,984,795).

17 Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,381,772	1,944,327	-	-
Other debtors	1,158,006	224,765	-	-
Prepayments	<u>825,460</u>	<u>233,260</u>	<u>-</u>	<u>-</u>
	<u>4,365,238</u>	<u>2,402,352</u>	<u>-</u>	<u>-</u>

18 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Cash on hand	<u>4,350</u>	<u>4,300</u>	<u>-</u>	<u>-</u>

19 Creditors

		Group		Company	
	Note	2017	2016	2017	2016
		£	£	£	£
Due within one year					
Loans and borrowings	23	1,442,443	1,018,858	-	-
Trade creditors		5,603,073	4,059,567	-	-
Amounts due to related parties	26	-	-	5,188,697	5,355,362
Social security and other taxes		673,759	495,884	-	-
Outstanding defined contribution pension costs		12,026	10,800	-	-
Other payables		571,281	520,463	-	-
Accruals		498,653	518,955	1,500	1,500
Income tax liability	10	<u>110,197</u>	<u>105,875</u>	<u>-</u>	<u>-</u>
		<u>8,911,432</u>	<u>6,730,402</u>	<u>5,190,197</u>	<u>5,356,862</u>
Due after one year					
Loans and borrowings	23	<u>2,647,392</u>	<u>1,930,000</u>	<u>-</u>	<u>-</u>

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

20 Deferred tax and other provisions

Group

	Deferred tax £	Total £
At 1 February 2016	116,017	116,017
Increase (decrease) in existing provisions	9,788	9,788
At 31 January 2017	<u>125,805</u>	<u>125,805</u>

The provision relates to the origination and reversal of timing differences.

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £74,614 (2016 - £69,958).

Contributions totalling £12,026 (2016 - £10,800) were payable to the scheme at the end of the year and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	51	51	51	51
Ordinary 'B' shares of £1 each	28	28	28	28
Ordinary 'C' shares of £1 each	17	17	17	17
Ordinary 'D' shares of £1 each	4	4	4	4
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary A shares have the following rights, preferences and restrictions:

Ordinary A shares have full rights to voting and are entitled to a dividend if declared on this class of share.

Ordinary B shares have the following rights, preferences and restrictions:

Ordinary B shares have full rights to voting and are entitled to a dividend if declared on this class of share.

Ordinary C shares have the following rights, preferences and restrictions:

Ordinary C shares have full rights to voting and are entitled to a dividend if declared on this class of share.

Ordinary D shares have the following rights, preferences and restrictions:

Ordinary D shares have full rights to voting and are entitled to a dividend if declared on this class of share.

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

23 Loans and borrowings

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	2,397,392	1,680,000	-	-
Other borrowings	250,000	250,000	-	-
	<u>2,647,392</u>	<u>1,930,000</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Current loans and borrowings				
Bank borrowings	187,108	240,000	-	-
Bank overdrafts	1,255,335	778,858	-	-
	<u>1,442,443</u>	<u>1,018,858</u>	<u>-</u>	<u>-</u>

Group

Bank borrowings

Barclays loan is denominated in sterling with a nominal interest rate of 1.65%, and the final instalment is due on 10 July 2030. The carrying amount at year end is £1,650,000 (2016 - £1,650,000).

Barclays loan is denominated in sterling with a nominal interest rate of 1.65%, and the final instalment is due on 9 June 2022. The carrying amount at year end is £904,500 (2016 - £Nil).

Natwest loan is denominated in sterling with a nominal interest rate of 2.35%, and the final instalment is due on 31 March 2017. The carrying amount at year end is £30,000 (2016 - £270,000).

Bank loans are secured by fixed and floating charges via inter-company cross guarantee's.

Other borrowings

Included within other borrowings is a loan of £250,000 from S D Whittemore which is secured on freehold property. The rate of interest charged is 4.00%.

Included in the loans and borrowings are the following amounts due after more than five years:

	2017	2016
	£	£
After more than five years by instalments	<u>1,049,074</u>	<u>1,171,296</u>

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

24 Obligations under lease contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	124,209	159,270
Later than one year and not later than five years	214,004	283,788
Later than five years	93,103	169,055
	<u>431,316</u>	<u>612,113</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £159,270 (2016 - £159,043).

25 Dividends

	2017 £	2016 £
Interim dividend of £6,714.22 (2016 - £7,369.44) per ordinary share	<u>671,422</u>	<u>736,944</u>

26 Related party transactions

Group

During the year the company incurred rents payable to R J Whittemore of £26,550 (2016 - £26,550). An amount of £2,212 (2016 - £2,212) was outstanding at the year end and included within accruals. At the balance sheet date the amount due to R J Whittemore was £138,174 (2016 - £131,411).

During the year the company made payments totalling £11,803 (2016 - £11,572) to M Whittemore Family Settlement Trust, of which S D Whittemore and J Brooks are trustees. The payments are made on a commercial arms length basis.

At the balance sheet date the amount due to S D Whittemore was £313,532 (2016 - £307,378).

During the year £60,000 (2016 - £60,000) was paid to M P Whittemore in respect of a property acquisition. S and M Tyres Holdings Limited has acquired an interest in a freehold property owned by M P Whittemore. At the year end S and M Tyres Holdings Limited had a 70.40% (2016 - 63.80%) interest in the property. At the balance sheet date the amount due to M P Whittemore was £4,526 (2016 - £nil).

S and M Tyres Holdings Limited

Notes to the Financial Statements for the Year Ended 31 January 2017

Summary of transactions with associates

Group Tyre (UK) Limited

S and M Tyres Limited has a 10% interest in Group Tyre (UK) Limited. During the year S and M Tyres Limited acquired goods of £105,626 (2016 - £102,519) from Group Tyre (UK) Limited. At the balance sheet date the amount due to Group Tyre (UK) Limited was £3,131 (2016 - £3,178).

Summary of transactions with joint ventures

Group Tyre Wholesale Limited

S and M Tyres Holdings Limited has a 33.3% interest in Group Tyre Wholesale Limited. During the year the S and M Tyres Limited made sales of £1,859,097 (2016 - £66,937) to Group Tyre Wholesale Limited and acquired goods of £296,050 (2016 - £180,997). At the balance sheet date the amount due from Group Tyre Wholesale Limited was £11,983 (2016 - £44,372). At the balance sheet date the amount due to Group Tyre Wholesale Limited was £36,063 (2016 - £40,655).

27 Parent and ultimate parent undertaking

These financial statements are available upon request from Elite Garages, Brighton Road, Mannings Heath, Horsham, West Sussex, RH13 6HY.

The ultimate controlling party is R J Whittemore.