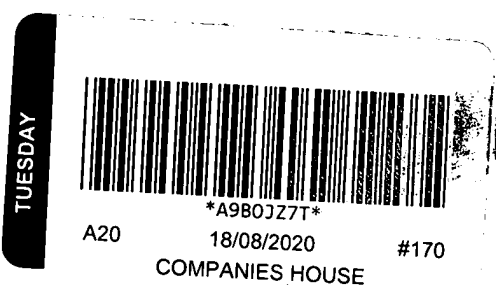


Registered number: 07747704

**G B TYRES (UK) LTD**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2019**



**G B TYRES (UK) LTD**

**COMPANY INFORMATION**

<b>Directors</b>	S Singh K Kaur
<b>Company secretary</b>	S Singh
<b>Registered number</b>	07747704
<b>Registered office</b>	Old Corus Site Barnfield Road Tipton DY4 9DE
<b>Independent auditor</b>	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG

**G B TYRES (UK) LTD**

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## **G B TYRES (UK) LTD**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

#### **Introduction**

The directors present their strategic report for the year ended 31 August 2019.

#### **Business review**

The principal activity of the company continued to be that of wholesale trade of passenger, commercial and agricultural motor vehicle tyres.

The profit and loss account is set out on page 8 and shows turnover for the year of £18,580,861 (2018: £11,977,932) and profit before tax for the year of £873,796 (2018: £729,618).

Turnover has increased by 55% for the year, and the directors believe that turnover will continue to improve in 2020. The company has performed financially, operationally and strategically in line with management expectations for the year ended 31 August 2019 and the directors plan to at least maintain such a standard of performance going forward, given the risks and opportunities posed by the current climate.

Employee turnover and attendance has remained consistent with a positive performance, as in the previous year. The company has invested heavily in strengthening and maintaining relationships with customers and suppliers whilst having a positive impact on the local environment and economy.

Our strong tyre volume growth indicates that we have gained market share from our competitors and are of the belief that the company is well placed to continue to strengthen our market position in the UK market during the coming year.

The company is proactive in its assessment of the marketplace and by close working with our suppliers and customers, we believe we can adapt to future challenges

We continue to focus on providing the best possible value for our customers.

#### **Financial key performance indicators**

The directors monitor a range of key performance indicators to manage the business and understand risks and uncertainties within the products and services provided to customers. The directors consider turnover, gross profit and profit before tax to be the key performance indicators of the company and as a result the directors continue to monitor and control costs closely.

#### **Principal risks and uncertainties**

As in any trading organisation, the directors acknowledge that as well as rewards, there are risks and uncertainties which are constantly monitored. The market for the trade of commercial and agricultural motor vehicle tyres is increasingly competitive. The company seeks to manage the risk of losing customers to competitors by maintaining strong relationships with key customers and ensuring that their needs are satisfied.

The main risks arising from the company's activities are:

#### **Credit risk**

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by taking out credit insurance.

**G B TYRES (UK) LTD**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**Liquidity risk**

The directors have prepared management accounts on a monthly basis and monitor cash flow as part of its day to day control procedures. The directors have prepared forecasts including cashflows for a period of twelve months from the date of signing these accounts. The company has considerable financial resources and cash headroom and as a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

**Price risk**

The company is exposed to commodity price risk as a result of its activities. Volatility in retail markets and wholesale tyre prices are mitigated through fixed price agreements with a range of key suppliers.

**Health and safety**

Risks from health and safety regulations are mitigated by ensuring products are traceable by source and that storage and distribution systems are continually monitored.

**Legislation**

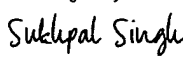
New or proposed legislation governing all aspects of the business are reviewed routinely. The business is committed to responding positively to new regulation.

**Coronavirus**

Since the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. The directors are naturally concerned about the impact this will have on the employees, suppliers and customers of the company and are constantly monitoring what this impact might be. The company is well placed in terms of business continuity as we have initiated several actions to enable our employees to continue working safely, such as education on cleanliness, self isolation, social distancing, the ability to work from home and using technology to hold virtual meetings rather than face to face meetings.

There is clearly and understandably a lot of uncertainty around the impact of the virus on the global economy, but the directors are confident they will be able to manage the company through the uncertainty. See note 1.2 for further details.

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

DocuSigned by:  
  
700B4FB7EE4A43...  
**S Singh**  
Director

Date: 17 August 2020

**G B TYRES (UK) LTD**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

The directors present their report and the financial statements for the year ended 31 August 2019.

**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 £695,060 (2018: £596,855).

During the year dividends of £20,000 (2018: £10,000) were paid. The directors do not recommend the payment of a final dividend.

**Directors**

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

**Future developments**

The directors do not foresee any changes in the company's principal activity.

**G B TYRES (UK) LTD**


**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**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:  
  
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**S Singh**  
Director

Date: 17 August 2020

## **G B TYRES (UK) LTD**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G B TYRES (UK) LTD**

#### **Opinion**

We have audited the financial statements of G B Tyres (UK) Ltd ('the company') for the year ended 31 August 2019, which comprise the profit and loss account, the balance sheet, the statement of cash flows 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 31 August 2019 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



**G B TYRES (UK) LTD**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G B TYRES (UK) LTD (CONTINUED)**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Other matters**

The comparative figures for the year ended 31 August 2018 were unaudited.

**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.

**G B TYRES (UK) LTD**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G B TYRES (UK) LTD (CONTINUED)**

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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.

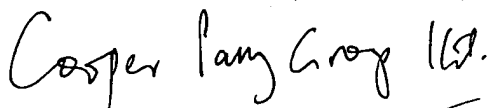
**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.



Daniel Parker (Senior Statutory Auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

One Central Boulevard  
Blythe Valley Business Park  
Solihull  
West Midlands  
B90 8BG

Date: 17 August 2020

**G B TYRES (UK) LTD****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	Unaudited 2018 £
<b>Turnover</b>	1.3,3	18,580,861	11,977,932
Cost of sales		(16,235,511)	(9,385,791)
<b>Gross profit</b>		<u>2,345,350</u>	<u>2,592,141</u>
Administrative expenses		(1,537,723)	(1,860,956)
Other operating income	4	76,194	19,694
<b>Operating profit</b>	5	<u>883,821</u>	<u>750,879</u>
Interest receivable and similar income		348	27
Interest payable and expenses	8	(10,373)	(21,288)
<b>Profit on ordinary activities before taxation</b>		<u>873,796</u>	<u>729,618</u>
Taxation on profit on ordinary activities	9	(178,736)	(132,763)
<b>Profit for the year</b>		<u><u>695,060</u></u>	<u><u>596,855</u></u>
 <b>Retained earnings at the beginning of the year</b>		 1,250,882	 664,027
Profit for the year		695,060	596,855
Dividends paid		(20,000)	(10,000)
<b>Retained earnings at the end of the year</b>		<u><u>1,925,942</u></u>	<u><u>1,250,882</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.


The notes on pages 11 to 26 form part of these financial statements.

**G B TYRES (UK) LTD**  
**REGISTERED NUMBER: 07747704**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £	As restated and unaudited 2018 £
<b>Fixed assets</b>			
Tangible fixed assets	11	265,287	238,844
Investment property	12	200,000	200,000
		<u>465,287</u>	<u>438,844</u>
<b>Current assets</b>			
Stocks	13	5,526,477	3,860,787
Debtors	14	6,226,453	3,605,872
Cash at bank and in hand		238,041	93,662
		<u>11,990,971</u>	<u>7,560,321</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(10,422,133)</u>	<u>(6,652,683)</u>
<b>Net current assets</b>		<u>1,568,838</u>	<u>907,638</u>
<b>Total assets less current liabilities</b>		<u>2,034,125</u>	<u>1,346,482</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(68,548)	(95,599)
<b>Provisions for liabilities</b>			
Deferred tax	19	<u>(39,634)</u>	<u>-</u>
<b>Net assets</b>		<u><u>1,925,943</u></u>	<u><u>1,250,883</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Profit and loss account	21	<u>1,925,942</u>	<u>1,250,882</u>
<b>Shareholders' funds</b>		<u><u>1,925,943</u></u>	<u><u>1,250,883</u></u>

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

DocuSigned by:  
  
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**S Singh**  
 Director

Date: 17 August 2020

The notes on pages 11 to 26 form part of these financial statements.

## G B TYRES (UK) LTD

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2019

	2019 £	Unaudited 2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	695,060	596,855
<b>Adjustments for:</b>		
Depreciation of tangible assets	31,805	109,591
(Profit)/loss on disposal of tangible assets	(73,991)	968
(Profit) on disposal of trade and assets	(300,000)	-
Interest paid	10,373	21,288
Interest received	(348)	(27)
Taxation charge	178,736	132,763
(Increase) in stocks	(1,665,690)	(411,709)
(Increase) in debtors	(2,620,581)	(1,331,844)
Increase in creditors	3,778,971	999,810
Corporation tax (paid)	(100,140)	(110,900)
<b>Net cash generated from/(used in) operating activities</b>	<b>(65,805)</b>	<b>6,795</b>
<b>Cash flows from investing activities</b>		
Sale of intangible fixed assets	300,000	-
Purchase of tangible fixed assets	(99,604)	(28,293)
Sale of tangible fixed assets	154,999	10,113
Interest received	348	27
HP interest paid	(8,591)	(19,176)
<b>Net cash from/(used in) investing activities</b>	<b>347,152</b>	<b>(37,329)</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	948
Repayment of loans	(6,544)	-
Repayment of/new finance leases	(108,642)	(128,637)
Dividends paid	(20,000)	(10,000)
Interest paid	(1,782)	(2,112)
<b>Net cash used in financing activities</b>	<b>(136,968)</b>	<b>(139,801)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>144,379</b>	<b>(170,335)</b>
Cash and cash equivalents at the beginning of the year	93,662	263,997
<b>Cash and cash equivalents at the end of the year</b>	<b>238,041</b>	<b>93,662</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	238,041	93,662

The notes on pages 11 to 26 form part of these financial statements.

**G B TYRES (UK) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

G B Tyres (UK) Ltd is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed 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 52 weeks ended 31 August 2019 (2018: 52 weeks ended 31 August 2018).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (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 compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement and complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been applied:

**1.2 Coronavirus and going concern**

At the date of signing these financial statements, the directors have considered the effect of the Coronavirus pandemic on the company with the information available to it, and do not believe it will affect the company's ability to continue to trade for the foreseeable future. Trade during lock-down was strong and post year end trade shows a positive outlook for the company despite these uncertain times.

At the balance sheet date and signing date, the company had strong cash balances and net current assets. At the time of the signing these accounts, the directors have considered the effect of the Coronavirus on the going concern position, and are satisfied that the company will continue to trade for a period of at least twelve months from the date of signing these accounts due to the banking facilities available to it and the UK Government support available to businesses during this difficult time.

The financial forecasts prepared by the directors show that the company will be able to operate within the facilities available to it and has sufficient head room to meet liabilities as they fall due.

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

**G B TYRES (UK) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**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.

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Other income**

The company earns rental income and it is recognised on an accruals basis in accordance with the substance of the relevant agreement.

**1.4 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the monthly average exchange rates 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.

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.

**G B TYRES (UK) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.5 Leasing and hire purchase**

Assets that are held by the company under leases which transfer substantially all the risks and rewards of ownership are classified as being held under hire purchase or finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.6 Finance costs**

Finance costs are charged to the profit and loss account 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.7 Pensions**

The company operates a defined contribution plan 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 payment obligations.

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

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

**1.9 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, 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.



**G B TYRES (UK) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.9 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Leasehold improvements	-	15% reducing balance
Plant and machinery	-	15% reducing balance
Motor vehicles	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	15% reducing balance

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 and loss account.

At each balance sheet date, the directors review the carrying amount of the company's 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 directors estimate 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 losses are recognised as an expense immediately.

Repairs and maintenance costs are charged to the profit and loss account during the period in which they are incurred.

**1.10 Investment property**

Investment property is carried at fair value determined 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 assessed annually and recognised in the profit and loss account.

**1.11 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Finished goods include attributable overheads. Cost is based on the cost of purchase on a weighted average basis.

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.

**G B TYRES (UK) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.12 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the balance sheet.

**1.13 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to and from related parties.

All basic 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.

**1.14 Dividends**

Equity dividends are recognised when they become legally payable.

**1.15 Prior year restatement**

The directors have reviewed the classifications used for fixed assets during the year to better reflect the nature of these items. As a result, a property was reclassified as an investment property and measured at its fair value. A fair value adjustment of £36,677 was recognised which increased the value of the property from £163,323 to £200,000 and increased brought forward retained earnings from £1,214,205 to £1,250,882. Tangible fixed assets decreased from £402,167 to £238,844 and investment property increased from £Nil to £200,000. This has no impact on profit for the current or prior year.

The directors have reviewed the stock on the water at 31 August 2018. As a result, stock was increased from £2,204,357 to £3,860,787 and trade creditors increased from £1,827,255 to £3,483,685. This has no impact on profit or net assets for the current or prior year.

## **G B TYRES (UK) LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019**

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

The directors make estimates and assumptions concerning the future. They 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 tangible fixed assets**

The directors assess the impairment of tangible 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:

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

##### **Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all tangible 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 projected disposal values.

##### **Carrying value of stocks**

The directors review the market value of, and demand for its stock 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 stock. The directors 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.

##### **Impairment of other assets**

The directors review the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****2. Judgements in applying accounting policies (continued)****Recoverability of trade and other 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 allowances 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 payment 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 a difference will impact the carrying value of debtors and the charge in the profit and loss account.

**Leases**

The directors determine whether leases entered into by the company either as a lessor or a lessee are operating leases or hire purchase/finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee 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.

**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 probable 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.

**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 likely timing and level of future taxable profits.

**3. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2019	Unaudited 2018
	£	£
United Kingdom	16,301,219	11,392,467
Rest of Europe	2,279,642	585,465
	<u>18,580,861</u>	<u>11,977,932</u>

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****4. Other operating income**

	<b>2019</b>	<b>Unaudited 2018</b>
	<b>£</b>	<b>£</b>
Net rents receivable	76,194	19,694

**5. Operating profit**

The operating profit is stated after charging/(crediting):

	<b>2019</b>	<b>Unaudited 2018</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	31,805	109,591
Fees payable to the company's auditor for the audit of the company's annual financial statements	11,800	10,000
(Profit)/loss on disposal of tangible fixed assets (see below)	(73,991)	968
Foreign exchange differences	-	(417)
Operating lease rentals	56,584	57,214
(Profit) on disposal of trade and assets (see below)	(300,000)	-

During the year, the company sold part of its trade and assets to a third party. This was not a significant area of the business. This resulted in a profit on disposal of £300,000 and £73,991 respectively.

**6. Employees**

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

	<b>2019</b>	<b>Unaudited 2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	711,897	791,568
Social security costs	62,518	69,455
Pension costs	16,259	13,042
	790,674	874,065

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

	<b>2019 No.</b>	<b>2018 No.</b>
Employees	31	34

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****7. Directors' remuneration**

	2019 £	Unaudited 2018 £
Directors' emoluments	28,928	16,957

**8. Interest payable and similar expenses**

	2019 £	Unaudited 2018 £
Bank interest payable	1,782	2,112
Finance leases and hire purchase contracts	8,591	19,176
	10,373	21,288

**9. Taxation**

	2019 £	Unaudited 2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	152,104	132,763
Adjustments in respect of previous periods	(13,002)	-
<b>Total current tax</b>	139,102	132,763
<b>Deferred tax</b>		
Origination and reversal of timing differences	39,634	-
<b>Total deferred tax</b>	39,634	-
<b>Taxation on profit on ordinary activities</b>	178,736	132,763

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****9. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	Unaudited 2018 £
Profit on ordinary activities before tax	873,796	729,618
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	166,021	138,627
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3,538	3,561
Fixed asset differences	764	-
Chargeable gains/(losses)	4,889	-
Adjustments to tax charge in respect of prior periods	(13,002)	-
Deferred tax at average rate	(4,663)	-
Deferred tax not recognised	21,189	(9,425)
<b>Total tax charge for the year</b>	<b>178,736</b>	<b>132,763</b>

**Factors that may affect future tax charges**

As at 27 September 2019 the substantively enacted rate for deferred tax calculation purposes was 17% and deferred taxation has been calculated at this rate.

On 11 March 2020 the Chancellor of the Exchequer announced that the tax rate reduction from 19% to 17% was no longer going to be implemented.

**10. Dividends**

	2019 £	Unaudited 2018 £
Dividends paid	20,000	10,000

## G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

## 11. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost (as restated)</b>						
At 1 September 2018	-	377,338	41,003	71,914	4,571	494,826
Additions	88,931	39,767	-	10,558	-	139,256
Disposals	-	(151,946)	(15,086)	-	-	(167,032)
At 31 August 2019	88,931	265,159	25,917	82,472	4,571	467,050
<b>Depreciation</b>						
At 1 September 2018	-	197,230	26,438	30,325	1,989	255,982
Charge for the year	6,077	17,547	1,230	6,564	387	31,805
Disposals	-	(77,302)	(8,722)	-	-	(86,024)
At 31 August 2019	6,077	137,475	18,946	36,889	2,376	201,763
<b>Net book value</b>						
At 31 August 2019	82,854	127,684	6,971	45,583	2,195	265,287
At 31 August 2018 (as restated)	-	180,108	14,565	41,589	2,582	238,844

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	Unaudited 2018 £
Plant and machinery	104,043	116,667



**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****12. Investment property**

	<b>As restated Freehold investment property £</b>
<b>Valuation</b>	
At 1 September 2018 (as restated)	200,000
<b>At 31 August 2019</b>	<u>200,000</u>

The company's freehold investment property was valued on an open market basis on 10 May 2017 by David & Peter Holt Limited, a firm of independent chartered surveyors, at market value.

Where freehold investment property was not revalued in the year, the directors are not aware of any material change in the value and therefore the valuation has not been updated.

Valuation at 31 August 2019 is as follows:

	<b>2019 £</b>	<b>As restated and unaudited 2018 £</b>
Cost	163,323	163,323
Valuation in 2017	36,677	36,677
	<u>200,000</u>	<u>200,000</u>

**13. Stocks**

	<b>2019 £</b>	<b>As restated and unaudited 2018 £</b>
Finished goods and goods for resale	5,526,477	3,860,787

Stock recognised in cost of sales during the year as an expense was £16,235,511 (2018: £9,385,792).

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****14. Debtors**

	2019 £	Unaudited 2018 £
Trade debtors	5,227,967	3,605,872
Other debtors	950,888	-
Prepayments and accrued income	47,598	-
	<u>6,226,453</u>	<u>3,605,872</u>

Included within other debtors is an amount of £149,472 (2018: £Nil) which is in relation to an invoice discounting facility. This amount is secured on the trade debtors of the company.

**15. Creditors: Amounts falling due within one year**

	2019 £	As restated and unaudited 2018 £
Bank loans	6,626	6,518
Trade creditors	4,997,775	3,483,685
Corporation tax	129,104	90,142
Other taxation and social security	20,967	81,195
Obligations under finance lease and hire purchase contracts	47,922	96,513
Other creditors	5,072,172	2,890,036
Accruals and deferred income	147,567	4,594
	<u>10,422,133</u>	<u>6,652,683</u>

Bank loans are secured against the freehold investment property. The bank loan is repayable no later than 9 years being November 2026 by monthly installments and is subject to an interest rate of 0.75%.

Included in other creditors is an amount of £4,720,556 (2018: £2,630,356) due to Royal Bank of Scotland Commercial Services plc which is secured on the trade debtors of the company.

Obligations under finance leases and hire purchase contracts are secured over the asset to which they relate.

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****16. Creditors: Amounts falling due after more than one year**

	2019 £	Unaudited 2018 £
Bank loans	48,389	55,041
Net obligations under finance leases and hire purchase contracts	20,159	40,558
	<u>68,548</u>	<u>95,599</u>

See note 15 for disclosure regarding security.

**17. Loans**

Analysis of the maturity of loans is given below:

	2019 £	Unaudited 2018 £
<b>Amounts falling due within one year</b>		
Bank loans	6,626	6,518
<b>Amounts falling due 1-2 years</b>		
Bank loans	48,389	55,041
	<u>55,015</u>	<u>61,559</u>

**18. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	Unaudited 2018 £
Within one year	47,922	96,513
Between 1-5 years	20,159	40,558
	<u>68,081</u>	<u>137,071</u>

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****19. Deferred taxation**

	2019 £
At the beginning of the year	-
Charged to the profit and loss account	39,634
<b>At the end of the year</b>	<b>39,634</b>

The deferred taxation balance is made up as follows:

	2019 £
Accelerated capital allowances	35,475
Capital gains	4,374
Short term timing differences	(215)
	<b>39,634</b>

**20. Share capital**

	2019 £	Unaudited 2018 £
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £0.001 each	1	1

**21. Reserves****Profit and loss account**

The profit and loss account included all current and prior year retained profits and losses less dividends paid.

**Called up share capital**

Called up share capital represents the nominal value of allotted and fully paid up ordinary share capital.

**G B TYRES (UK) LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019****22. Commitments under operating leases**

At 31 August 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	Unaudited 2018 £
Not later than 1 year	44,127	12,204
Later than 1 year and not later than 5 years	49,364	13,004
	<u>93,491</u>	<u>25,208</u>

**23. Related party transactions**

During the year the company paid rent to the directors, in respect of the use of properties of £100,820 (2018: £32,000). At the year end there was £29,930 (2018: £Nil) outstanding and included in other creditors.

Included within other creditors are directors' loans of £244,205 (2018: £259,680). No interest has been charged on the loan during the year (2018: £Nil).

The directors consider there to be no key management personnel, other than the directors, who have authority and responsibility for planning, directing and controlling the activities of the company.

**24. Post balance sheet events**

Subsequently to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. Based on available information at this stage the directors have assessed what impact this may have on the company. Although there is a high level of uncertainty about the extent and the timeframe of the virus on the global economy, they believe the company is strongly positioned to handle any downturn that may occur.

Post year end in May 2020, G B Tyres (UK) Ltd received a loan of £500,000 where the loan is repayable in full within 6 years. The government pays interest and any fees for the first 12 months, at which point the interest is borne by G B Tyres (UK) Ltd.

**25. Controlling party**

The controlling parties are S Singh and K Kaur.