

Registered number: 07747704

G B TYRES (UK) LTD

ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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G B TYRES (UK) LTD

COMPANY INFORMATION

Directors	S Singh K Kaur
Company secretary	S Singh
Registered number	07747704
Registered office	Old Corus Site Barnfield Road Tipton DY4 9DE
Independent auditors	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

G B TYRES (UK) LTD

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G B TYRES (UK) LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021

Introduction

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

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 10 and shows turnover for the year of £29,066,801 (2020: £23,958,862) and profit before tax for the year of £1,648,479 (2020: £988,752).

Turnover has increased by 21% for the year, and the directors believe that turnover will continue to improve in 2022, as we develop our European sales, and further strengthen our domestic market position.

The company has performed financially, operationally, and strategically in line with management expectations for the year ended 31 August 2021 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 continues to invest significantly 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 successful launch of the new Challenger brand helped achieve the growth and further development as planned, with a particular focus on developing sales of Passenger Car Tyres. An additional warehouse facility is opening in 2022 to give the required infrastructure to support the sales growth.

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, profit before tax and credit risk to be the key performance indicators of the company and as a result the directors continue to closely monitor these and control costs closely.

G B TYRES (UK) LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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 the regular monitoring of credit checks on new and existing customers and by maintaining credit insurance.

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 consequently 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.

Brexit

The company has adapted post Brexit and some changes in product mix have enabled us to respond to market dynamics. The directors envisage increases in turnover and gross profits from the European market in the coming year.

G B TYRES (UK) LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Coronavirus

During the year the Coronavirus global pandemic has continued, and the directors have extended the monitoring of the impact on employees, suppliers, and customers of the company. The company is well placed in terms of business continuity and has further developed its response in terms of employee education and the use of technology.

Global shipping crisis

The global shipping industry is experiencing a container shortage caused by Covid-19 and Chinas buoyant export market. This has presented challenges and as a result, shortages in some product lines have been encountered, however the directors have been able to change plans and maximise opportunities in other product lines such as the sales of economy tyres. The directors believe that the company is well positioned and has taken the action that it considers necessary to reduce the impact of the shipping crisis.

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



S Singh
Director

Date: 11/04/2022

G B TYRES (UK) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,334,310 (2020: £779,700).

During the year dividends of £20,000 (2020: £Nil) 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.

Matters included within the Strategic Report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (strategic report and directors' report) Regulations 2013 to set out in the company's strategic report information required by the large and medium-sized companies and groups (accounts and reports) Regulations Schedule 7 to be contained in the directors' report.

G B TYRES (UK) LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

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



S Singh
Director

Date: 11/04/2022

G B TYRES (UK) LTD

INDEPENDENT AUDITORS' 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 2021, which comprise the profit and loss account, the balance sheet, the statement of cash flows, the analysis of net debt 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The 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.

G B TYRES (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G B TYRES (UK) LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

G B TYRES (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G B TYRES (UK) LTD (CONTINUED)

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

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

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

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

- obtaining an understanding of the legal and regulatory framework applicable to the company and how the company is complying with that framework, including a review of legal and professional nominal codes;
- obtaining and understanding the company's policies and procedures and how the company has complied with these, through discussions and walkthrough testing of controls;
- obtaining an understanding of the company's risk assessment process, including the risk of fraud, designing our audit procedures to respond to our risk assessment, and performing audit work over the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to, agreeing financial statement disclosures to underlying supporting documentation, enquiring of management as to actual and potential litigation and claims, and reviewing correspondence with HMRC and associated parties.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

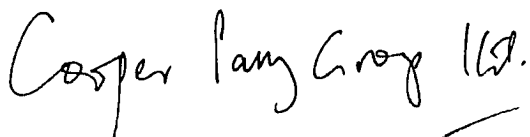
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

G B TYRES (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G B TYRES (UK) LTD (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

A handwritten signature in black ink, appearing to read 'Daniel Parker', with a long horizontal flourish extending to the right.

Daniel Parker (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants & Statutory Auditor

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

Date: 14 April 2022

G B TYRES (UK) LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
Turnover	1.3,3	29,066,801	23,958,862
Cost of sales		(24,812,985)	(21,043,136)
Gross profit		<u>4,253,816</u>	<u>2,915,726</u>
Administrative expenses		(2,689,573)	(2,078,417)
Other operating income	4	<u>158,312</u>	<u>164,229</u>
Operating profit	5	<u>1,722,555</u>	<u>1,001,538</u>
Interest receivable and similar income		506	34
Interest payable and similar expenses	8	<u>(74,582)</u>	<u>(12,820)</u>
Profit on ordinary activities before taxation		<u>1,648,479</u>	<u>988,752</u>
Taxation on profit on ordinary activities	9	<u>(314,169)</u>	<u>(209,052)</u>
Profit for the year		<u><u>1,334,310</u></u>	<u><u>779,700</u></u>
Retained earnings at the beginning of the year		2,705,642	1,925,942
Profit for the year		1,334,310	779,700
Dividends declared and paid		<u>(20,000)</u>	<u>-</u>
Retained earnings at the end of the year		<u><u>4,019,952</u></u>	<u><u>2,705,642</u></u>

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

The notes on pages 14 to 30 form part of these financial statements.

G B TYRES (UK) LTD
REGISTERED NUMBER: 07747704

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible fixed assets	11	33,216	-
Tangible fixed assets	12	628,925	276,919
Investment property	13	200,000	200,000
		<u>862,141</u>	<u>476,919</u>
Current assets			
Stocks	14	5,643,373	5,355,198
Debtors	15	8,553,775	5,882,417
Cash at bank and in hand		401,349	358,994
		<u>14,598,497</u>	<u>11,596,609</u>
Creditors: amounts falling due within one year	16	<u>(10,687,303)</u>	<u>(8,747,093)</u>
Net current assets		<u>3,911,194</u>	<u>2,849,516</u>
Total assets less current liabilities		<u>4,773,335</u>	<u>3,326,435</u>
Creditors: amounts falling due after more than one year	17	(615,429)	(578,978)
Provisions for liabilities			
Deferred tax	20	<u>(137,953)</u>	<u>(41,814)</u>
Net assets		<u><u>4,019,953</u></u>	<u><u>2,705,643</u></u>
Capital and reserves			
Called up share capital	21	1	1
Profit and loss account	22	<u>4,019,952</u>	<u>2,705,642</u>
Shareholders' funds		<u><u>4,019,953</u></u>	<u><u>2,705,643</u></u>

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



S Singh
Director

Date: 11/09/2022

The notes on pages 14 to 30 form part of these financial statements.

G B TYRES (UK) LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,334,310	779,700
Adjustments for:		
Depreciation of tangible assets	69,941	45,413
(Profit)/loss on disposal of tangible assets	(1,821)	2,925
Interest paid	74,582	12,820
Interest received	(506)	(34)
Taxation charge	314,169	209,052
(Increase)/decrease in stocks	(288,175)	171,279
(Increase)/decrease in debtors	(2,671,358)	344,036
Increase/(decrease) in creditors	1,924,096	(1,910,443)
Corporation tax (paid)/received	(350,733)	9,594
Net cash generated from/(used in) operating activities	<u>404,505</u>	<u>(335,658)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(33,216)	-
Purchase of tangible fixed assets	(123,250)	(47,674)
Sale of tangible fixed assets	18,611	25,000
Interest received	506	34
HP interest paid	(9,054)	(6,752)
Net cash used in investing activities	<u>(146,403)</u>	<u>(29,392)</u>
Cash flows from financing activities		
New secured loans	-	550,000
Repayment of loans	(6,942)	(12,567)
Repayment of other loans	(78,024)	-
Repayment of finance leases	(45,253)	(45,362)
Dividends paid	(20,000)	-
Interest paid	(65,528)	(6,068)
Net cash (used in)/from financing activities	<u>(215,747)</u>	<u>486,003</u>
Net increase in cash and cash equivalents	42,355	120,953
Cash and cash equivalents at the beginning of the year	358,994	238,041
Cash and cash equivalents at the end of the year	<u><u>401,349</u></u>	<u><u>358,994</u></u>
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	<u><u>401,349</u></u>	<u><u>358,994</u></u>

The notes on pages 14 to 30 form part of these financial statements.

G B TYRES (UK) LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 AUGUST 2021**

	At 1 September 2020 £	Cash flows £	Transfers £	New finance leases £	At 31 August 2021 £
Cash at bank and in hand	358,994	42,355	-	-	401,349
Bank loan < 1 year	(8,562)	6,942	(6,942)	-	(8,562)
Bank loan > 1 year	(37,892)	-	6,942	-	(30,950)
Other loan < 1 year	(30,276)	78,024	(131,076)	-	(83,328)
Other loan > 1 year	(515,718)	-	131,076	-	(384,642)
Finance leases < 1 year	(34,647)	34,647	(25,490)	(104,921)	(130,411)
Finance leases > 1 year	(25,368)	10,606	25,490	(210,565)	(199,837)

The notes on pages 14 to 30 form part of these financial statements.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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 2021 (2020: 52 weeks ended 31 August 2020).

The financial statements have been prepared on a going concern basis under the historical cost convention, unless otherwise stated, 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 Going concern

At the balance sheet date the company had a significant cash balance and a strong net asset position. The company meets its day-to-day working capital requirements through its bank facilities. The company's forecasts and projections, taking account of possible changes in trading performance, show that the company can operate within the level of its current facilities.

At the date of signing these accounts, after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these accounts. The company therefore continues to adopt the going concern basis in preparing its financial statements.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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 2021

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 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.7 Government grants

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

Grants relating to the job retention scheme are recognised in the profit and loss account when the relevant requirements are met.

1.8 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.

1.9 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.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.10 Current and deferred taxation

The tax charge for the year comprises 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 balance sheet 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.

1.11 Intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.12 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 2021

1. Accounting policies (continued)

1.12 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.

1.13 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.

1.14 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.

1.15 Dividends

Equity dividends are recognised when they become legally payable.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.16 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.

1.17 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.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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 and intangible fixed assets

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

- 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, amortisation and residual values

The directors have reviewed the asset lives and associated residual values of all tangible and intangible 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 2021

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:

	2021	2020
	£	£
United Kingdom	27,441,903	19,419,514
Rest of Europe	1,583,948	4,469,795
Rest of the world	40,950	69,553
	<u>29,066,801</u>	<u>23,958,862</u>

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

4. Other operating income

	2021 £	2020 £
Government grants receivable	124,808	145,037
Net rents receivable	33,504	19,192
	<u>158,312</u>	<u>164,229</u>

Within government grants receivable, an amount of £125,435 (2020: £129,412) was received in respect of employees placed on "furlough" during the year, as part of the UK Government's Coronavirus Job Retention Scheme.

5. Operating profit

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

	2021 £	2020 £
Depreciation of tangible fixed assets - owned	31,703	35,775
Depreciation of tangible fixed assets - hire purchase	38,238	9,638
Fees payable to the company's auditor	12,000	12,000
(Profit)/loss on disposal of tangible fixed assets	(1,821)	2,925
Foreign exchange differences	11,652	471,853
Operating lease rentals	72,167	68,245
	<u>72,167</u>	<u>68,245</u>

6. Employees

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

	2021 £	2020 £
Wages and salaries	803,570	677,984
Social security costs	81,238	75,701
Pension costs	20,106	18,674
	<u>904,914</u>	<u>772,359</u>

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

	2021 No.	2020 No.
Employees	29	25

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

7. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	45,081	38,579

8. Interest payable and similar expenses

	2021	2020
	£	£
Bank loan interest payable	6,054	2,219
Other loan interest payable	1,596	3,849
Hire purchase interest payable	9,054	6,752
Invoice discounting interest payable	57,878	-
	<u>74,582</u>	<u>12,820</u>

9. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	239,125	206,872
Adjustments in respect of previous periods	(21,095)	-
Total current tax	<u>218,030</u>	<u>206,872</u>
Deferred tax		
Origination and reversal of timing differences	101,473	2,180
Adjustments in respect of prior periods	(5,334)	-
Total deferred tax	<u>96,139</u>	<u>2,180</u>
Taxation on profit on ordinary activities	<u>314,169</u>	<u>209,052</u>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

9. Taxation (continued)

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	1,648,479	988,752
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	313,211	187,863
Effects of:		
Expenses/(income) not deductible for tax purposes	1,712	(6,637)
Fixed asset differences	1,321	1,331
Adjustments to tax charge in respect of prior periods	(21,095)	21,832
Deferred tax at average rate	33,109	4,663
Adjustments to deferred tax charge in respect of prior periods	(14,089)	-
Total tax charge for the year	314,169	209,052

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 31 August 2021. As such, the deferred tax rate applicable at 31 August 2021 is 25% and deferred tax has been re-measured at this rate.

10. Dividends

	2021 £	2020 £
Dividends paid	20,000	-

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

11. Intangible assets

	Development expenditure £
Cost	
Additions	33,216
At 31 August 2021	<u>33,216</u>
Net book value	
At 31 August 2021	<u><u>33,216</u></u>
At 31 August 2020	<u><u>-</u></u>

12. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2020	130,948	251,055	25,917	82,472	6,766	497,158
Additions	48,723	309,235	73,629	-	7,149	438,736
Disposals	-	(103,432)	-	(10,347)	-	(113,779)
At 31 August 2021	<u>179,671</u>	<u>456,858</u>	<u>99,546</u>	<u>72,125</u>	<u>13,915</u>	<u>822,115</u>
Depreciation						
At 1 September 2020	20,716	132,770	19,992	43,727	3,034	220,239
Charge for the year	18,721	35,174	9,172	5,812	1,062	69,941
Disposals	-	(87,994)	-	(8,996)	-	(96,990)
At 31 August 2021	<u>39,437</u>	<u>79,950</u>	<u>29,164</u>	<u>40,543</u>	<u>4,096</u>	<u>193,190</u>
Net book value						
At 31 August 2021	<u><u>140,234</u></u>	<u><u>376,908</u></u>	<u><u>70,382</u></u>	<u><u>31,582</u></u>	<u><u>9,819</u></u>	<u><u>628,925</u></u>
At 31 August 2020	<u><u>110,232</u></u>	<u><u>118,285</u></u>	<u><u>5,925</u></u>	<u><u>38,745</u></u>	<u><u>3,732</u></u>	<u><u>276,919</u></u>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

12. Tangible fixed assets (continued)

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

	2021 £	2020 £
Plant and machinery	267,166	113,053
Motor vehicles	65,345	-
	<u>332,511</u>	<u>113,053</u>

13. Investment property

**Freehold
investment
property
£**

Valuation

At 1 September 2020 and 31 August 2021	<u>200,000</u>
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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 2021 is as follows:

	2021 £	2020 £
Cost	163,323	163,323
Valuation in 2017	36,677	36,677
	<u>200,000</u>	<u>200,000</u>

14. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>5,643,373</u>	<u>5,355,198</u>

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

15. Debtors

	2021 £	2020 £
Trade debtors	6,851,827	4,856,780
Other debtors	1,338,605	1,007,871
Prepayments and accrued income	95,966	17,766
Amounts owed from related parties	267,377	-
	<u>8,553,775</u>	<u>5,882,417</u>

Included within other debtors is an amount of £261,624 (2020: £Nil) which is in relation to an invoice discounting facility. This amount is secured on the trade debtors of the company.

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	8,562	8,562
Other loans	83,328	30,276
Trade creditors	2,887,340	4,213,869
Amounts owed to related parties	266,119	305,832
Corporation tax	212,867	345,570
Other taxation and social security	2,061,889	24,475
Obligations under finance lease and hire purchase contracts	130,411	34,647
Other creditors	4,769,949	3,615,731
Accruals and deferred income	266,838	168,131
	<u>10,687,303</u>	<u>8,747,093</u>

The bank loan is 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%. Interest on bank loans is charged to the profit and loss account as it arises.

Other loans relate to the Coronavirus Business Interruption Loan (CBILS) and the Bounce Back Loan. The Coronavirus Business Interruption Loan is repayable no later than 6 years being April 2026 by monthly installments and is subject to an interest rate of 5% following a 12 month interest free period. The Bounce Bank Loan is repayable no later than 6 years being March 2026 by monthly installments and is subject to an interest rate of 5% following a 12 month interest free period.

Included in other creditors is an amount of £4,721,053 (2020: £3,373,022) 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 2021**

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

	2021	2020
	£	£
Bank loans	30,950	37,892
Other loans	384,642	515,718
Net obligations under finance leases and hire purchase contracts	199,837	25,368
	<u>615,429</u>	<u>578,978</u>

See note 15 for disclosure regarding security.

18. Loans

Analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year		
Bank loans	8,562	8,562
Other loans	83,328	30,276
Amounts falling due 1-2 years		
Bank loans	8,562	8,562
Other loans	83,328	124,277
Amounts falling due 2-5 years		
Bank loans	22,388	25,685
Other loans	249,984	254,299
Amounts falling due after more than 5 years		
Bank loans	-	3,645
Other loans	51,330	137,142
	<u>507,482</u>	<u>592,448</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£	£
Within one year	130,411	34,647
Between 1-5 years	202,054	25,368
	<u>332,465</u>	<u>60,015</u>

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

20. Deferred taxation

	2021 £	2020 £
At the beginning of the year	41,814	39,634
Charged to the profit and loss account	96,139	2,180
At the end of the year	137,953	41,814

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	131,989	37,201
Capital gains	6,434	4,889
Short term timing differences	(470)	(276)
	137,953	41,814

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £0.001 each	1	1

22. Reserves

Profit and loss account

The profit and loss account includes 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.

23. Contingent liabilities

The directors take advice as to the likelihood of success of any claims and actions against the company and no provision is made where the directors consider, based on that advice, that the action is unlikely to succeed.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

24. Commitments under operating leases

At 31 August 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	29,124	36,201
Later than 1 year and not later than 5 years	1,995	12,817
	<u>31,119</u>	<u>49,018</u>

25. Related party transactions

During the year the company paid rent to the directors, in respect of the use of properties of £294,000 (2020: £155,480). At the year end there was £Nil (2020: £Nil) outstanding and included in other creditors.

Included within other creditors are directors' loans of £Nil (2020: £53,948). No interest has been charged on the loan during the year (2020: £Nil).

Included within other debtors are directors' loans of £166,133 (2020: £Nil). No interest has been charged on the loan during the year (2020: £Nil).

Included within creditors is a loan to a related company of £266,119 (2020: £305,832). No interest has been charged on the loan during the year (2020: £Nil).

Included within debtors is a loan from a related company of £267,377 (2020: £Nil). No interest has been charged on the loan during the year (2020: £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.

26. Controlling party

The controlling parties are S Singh and K Kaur.