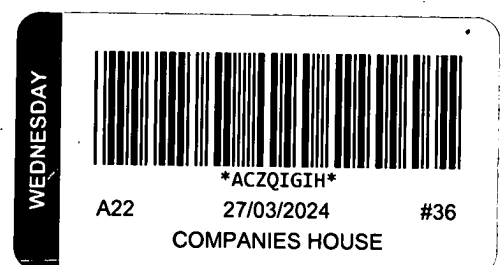


Registered number: 07747704

G B TYRES (UK) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023



G B TYRES (UK) LTD

COMPANY INFORMATION

Directors	K Kaur S Singh
Company secretary	S Singh
Registered number	07747704
Registered office	Barnfield Road Barnfield Road Tipton DY4 9DE
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

G B TYRES (UK) LTD

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G B TYRES (UK) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2023

The Directors present their report and the financial statements for the year ended 31 August 2023.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 £1,356,899 (2022 - £2,546,406).

During the year dividends of £6,000 (2022 - £6,000) were paid. The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year were:

K Kaur
S Singh

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 2023

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company's greenhouse gas emissions and energy consumption are as follows:

	2023 kWh	2022 kWh
UK energy use		
Gas	154,399	214,756
Electricity	178,970	95,424
Fuel	1,030,999	973,218
	<u>1,364,368</u>	<u>1,283,398</u>

	2023 CO2e (tonnes)	2022 CO2e (tonnes)
Associated greenhouse gas emissions		
Gas	28,244	39,202
Electricity	37,060	18,453
Vehicle fuel	292,487	276,095
	<u>357,791</u>	<u>333,750</u>

The intensity ratios based on total gross emissions was 6.53 tonnes CO₂ per £1,000 of G B Tyres (UK) Limited sales revenue (2022: 6.45 tonnes).

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.

Post balance sheet events

Since the year end the company purchased 100% of the share capital of Nordic Tyres (UK) Limited.

G B TYRES (UK) LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023**

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



S Singh
Director

Date: 14/03/2024

G B TYRES (UK) LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2023

Introduction

The Directors present their strategic report for the year ended 31 August 2023.

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 £54,792,504 (2022: £51,721,777) and profit before tax for the year of £1,733,967 (2022: £3,160,802).

Turnover has increased by 5.9% for the year, and the Directors believe that turnover will continue to improve in 2024, as we develop our International 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 2023 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. Post year end GB Tyres purchased Nordic Tyres (UK) Ltd a leader in the Agricultural Tyre market, together with our existing customers this positions GB Tyres as one of the leading providers in the UK market.

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 2023

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.

Directors' statement of compliance with duty to promote the success of the Company

The Directors act in good faith in making decisions from which the expected outcomes are considered to be most likely to promote the success of the Company for the benefit of its members in the long term. In performing their duties, the Directors make a good faith assessment of the potential consequence on various stakeholders.

G B TYRES (UK) LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023**

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



S Singh
Director

Date: 14/03/2024

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) Limited (the 'Company') for the year ended 31 August 2023, which comprise the Statement of income and retained earnings, 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

G B TYRES (UK) LTD

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: timing of recognition of income; the override of controls by management, including posting of unusual journals; inappropriate treatment of non-routine transactions and areas of estimation uncertainty; and manipulating the Company's key performance indicators to meet management targets.

Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and income transactions and review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

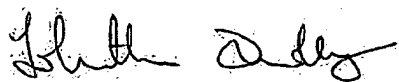
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

G B TYRES (UK) LTD

INDEPENDENT AUDITOR'S 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Johnathan Dudley (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 19 March 2024

G B TYRES (UK) LTD

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 AUGUST 2023**

	Note	2023 £	2022 £
Turnover	4	54,792,504	51,721,777
Cost of sales		(48,566,013)	(45,191,352)
Gross profit		6,226,491	6,530,425
Administrative expenses		(4,120,597)	(3,226,930)
Other operating income	5	49,361	30,783
Gain from changes in fair value of investment property		275,000	-
Operating profit	6	2,430,255	3,334,278
Interest receivable and similar income		450	1,191
Interest payable and similar expenses	10	(696,738)	(174,667)
Profit before tax		1,733,967	3,160,802
Tax on profit	11	(377,068)	(614,396)
Profit after tax		1,356,899	2,546,406
Retained earnings at the beginning of the year		6,560,358	4,019,952
		6,560,358	4,019,952
Profit for the year		1,356,899	2,546,406
Dividends declared and paid	12	(6,000)	(6,000)
Retained earnings at the end of the year		7,911,257	6,560,358

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of income and retained earnings.

The notes on pages 16 to 35 form part of these financial statements.

G B TYRES (UK) LTD
REGISTERED NUMBER: 07747704

BALANCE SHEET
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	292,316	31,502
Tangible assets	14	1,429,330	1,068,274
Investment property	15	475,000	200,000
		<u>2,196,646</u>	<u>1,299,776</u>
Current assets			
Stocks	16	16,205,589	11,408,963
Debtors: amounts falling due within one year	17	12,396,414	12,032,686
Cash at bank and in hand		208,331	352,218
		<u>28,810,334</u>	<u>23,793,867</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(22,276,864)	(17,747,605)
Net current assets		<u>6,533,470</u>	<u>6,046,262</u>
Total assets less current liabilities		<u>8,730,116</u>	<u>7,346,038</u>
Creditors: amounts falling due after more than one year	19	(456,069)	(569,061)
Provisions for liabilities			
Deferred tax	22	(362,789)	(216,618)
Net assets		<u>7,911,258</u>	<u>6,560,359</u>
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account	24	7,911,257	6,560,358
		<u>7,911,258</u>	<u>6,560,359</u>

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

S Singh
Director



Date: 14/03/2024

The notes on pages 16 to 35 form part of these financial statements.

G B TYRES (UK) LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	1,356,899	2,546,406
Adjustments for:		
Amortisation of intangible assets	8,160	5,024
Depreciation of tangible assets	178,278	149,531
Loss on disposal of tangible assets	(13,999)	-
Interest paid	696,738	174,667
Interest received	(450)	(1,191)
Taxation charge	377,068	614,396
(Increase) in stocks	(4,796,626)	(5,765,590)
(Increase) in debtors	(363,728)	(3,478,911)
Increase in creditors	2,977,729	5,949,574
Net fair value (gains)/losses recognised in P&L	(275,000)	-
Corporation tax (paid)	(367,410)	(261,035)
Net cash generated from operating activities	(222,341)	(67,129)
Cash flows from investing activities		
Purchase of intangible fixed assets	(268,974)	(3,310)
Purchase of tangible fixed assets	(592,934)	(588,880)
Sale of tangible fixed assets	67,599	-
Interest received	450	1,191
HP interest paid	(17,845)	-
Net cash from investing activities	(811,704)	(590,999)
Cash flows from financing activities		
Repayment of loans	(8,451)	(5,887)
Repayment of other loans	(100,000)	(101,303)
Repayment of/new finance leases	58,343	161,554
Dividends paid	(6,000)	(6,000)
Interest paid	(678,893)	(174,667)
Net cash used in financing activities	(735,001)	(126,303)

G B TYRES (UK) LTD

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023**

	2023 £	2022 £
Net (decrease) in cash and cash equivalents	(1,769,046)	(784,431)
Cash and cash equivalents at beginning of year	(383,082)	401,349
Cash and cash equivalents at the end of year	(2,152,128)	(383,082)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	208,331	352,218
Bank overdrafts	(2,360,459)	(735,300)
	(2,152,128)	(383,082)

The notes on pages 16 to 35 form part of these financial statements.

G B TYRES (UK) LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 AUGUST 2023**

	At 1 September 2022 £	Cash flows £	New finance leases £	At 31 August 2023 £
Cash at bank and in hand	352,218	(143,887)	-	208,331
Bank overdrafts	(735,300)	(1,966,569)	-	(2,701,869)
Debt due after 1 year	(291,955)	108,451	-	(183,504)
Debt due within 1 year	(108,337)	-	-	(108,337)
Finance leases	(491,802)	456,892	(515,235)	(550,145)
	<u>(1,275,176)</u>	<u>(1,545,113)</u>	<u>(515,235)</u>	<u>(3,335,524)</u>

The notes on pages 16 to 35 form part of these financial statements.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1. General information

The Company is a private limited company, limited by shares (registered number 07747704), which is incorporated and registered in England and Wales. The address of the registered office and principal place of business is Barnfield Road, Barnfield Road, Tipton, England, DY4 9DE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 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 (see note 3).

The following principal accounting policies have been applied:

2.2 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 preparing its financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

2. Accounting policies (continued)

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue 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 revenue 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

Revenue 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 revenue 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 is recognised on an accrual basis in accordance with the substance of the relevant agreement.

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

2. Accounting policies (continued)

2.6 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, which range from 3 to 6 years.

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.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 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.

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 2023

2. Accounting policies (continued)

2.9 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 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.

2.11 Tangible fixed assets

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

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

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

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 profit or loss.

2.12 Investment property

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

2.13 Stocks

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

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 profit or loss.

2.14 Financial instruments

Debtors

Short-term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors

Short-term creditors are measured at the transaction price.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

2. Accounting policies (continued)

2.15 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 profit or loss 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.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. 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.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

3. Judgements in applying accounting policies (continued)

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.

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.

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

4. Turnover

The whole of the turnover is attributable to the principle activity of the Company.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	48,448,224	46,182,025
Rest of Europe	6,195,965	5,502,268
Rest of the world	148,315	37,484
	<u>54,792,504</u>	<u>51,721,777</u>

5. Other operating income

	2023 £	2022 £
Other operating income	21,910	-
Net rents receivable	19,694	21,882
Government grants receivable	7,757	8,901
	<u>49,361</u>	<u>30,783</u>

Within government grants receivable, an amount of £7,757 (2022: £8,901) was received in respect of employees placed on "furlough" during the year, as part of the UK Government's Coronavirus Job Retention Scheme.

6. Operating profit

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

	2023 £	2022 £
Depreciation of tangible fixed assets - owned	90,630	22,391
Depreciation of tangible fixed assets - hire purchase	86,533	127,140
Exchange differences	(351,599)	278,685
Other operating lease rentals	116,245	83,270
	<u>116,245</u>	<u>83,270</u>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2023	2022
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	28,250	23,800
Fees payable to the Company's auditor in respect of:		
Taxation compliance services	2,250	2,000
Other accounting services	1,950	1,700
All non-audit services not included above	1,050	1,000

8. Employees

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

	2023	2022
	£	£
Wages and salaries	2,323,278	1,233,774
Social security costs	215,311	119,648
Pension costs	38,812	27,211
	2,577,401	1,380,633

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

	2023	2022
	No.	No.
Employees	71	45

9. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	55,411	32,848

During the year retirement benefits were accruing to 1 Director (2022 - 1) in respect of defined benefit pension schemes.

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

10. Interest payable and similar expenses

	2023 £	2022 £
Bank loan interest payable	133,724	12,040
Other loan interest payable	133,038	2,627
Hire purchase interest payable	17,845	13,512
Invoice discounting interest payable	412,131	146,488
	<u>696,738</u>	<u>174,667</u>

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	236,517	538,563
Adjustments in respect of previous periods	(5,620)	(2,832)
	<u>230,897</u>	<u>535,731</u>
Deferred tax		
Origination and reversal of timing differences	146,171	78,665
Total deferred tax	<u>146,171</u>	<u>78,665</u>
	<u>377,068</u>	<u>614,396</u>
Taxation on profit on ordinary activities		

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 21.52% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>1,733,967</u>	<u>3,160,802</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.52% (2022 - 19%)	<u>368,350</u>	<u>600,552</u>
Effects of:		
Expenses/(income) not deductible for tax purposes	4,062	2,940
Capital allowances for year in excess of depreciation	(13,739)	(21,503)
Adjustments to tax charge in respect of prior periods	(5,619)	(2,832)
Deferred tax at average rate	19,787	13,713
Movement in deferred tax not recognised	4,227	21,526
Total tax charge for the year	<u><u>377,068</u></u>	<u><u>614,396</u></u>

Factors that may affect future tax charges

There are no current factors announced that affect future tax charges.

12. Dividends

	2023 £	2022 £
Dividends paid	<u><u>6,000</u></u>	<u><u>6,000</u></u>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

13. Intangible assets

	Design development expenditure £
Cost	
At 1 September 2022	36,526
Additions	268,974
At 31 August 2023	305,500
Amortisation	
At 1 September 2022	5,024
Charge for the year on owned assets	8,160
At 31 August 2023	13,184
Net book value	
At 31 August 2023	292,316
At 31 August 2022	31,502

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

14. Tangible fixed assets

	Leasehold improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2022	354,932	692,704	247,491	90,707	25,161	1,410,995
Additions	104,067	241,745	201,010	4,063	42,049	592,934
Disposals	-	-	(73,629)	(982)	-	(74,611)
Transfers between classes	-	(519,346)	536,946	(17,600)	-	-
At 31 August 2023	458,999	415,103	911,818	76,188	67,210	1,929,318
Depreciation						
At 1 September 2022	79,621	160,589	48,578	47,341	6,592	342,721
Charge for the year	43,308	68,908	54,739	5,970	5,353	178,278
Disposals	-	-	(20,862)	(149)	-	(21,011)
Transfers between classes	-	(104,479)	106,459	(1,980)	-	-
At 31 August 2023	122,929	125,018	188,914	51,182	11,945	499,988
Net book value						
At 31 August 2023	336,070	290,085	722,904	25,006	55,265	1,429,330
At 31 August 2022	275,311	532,115	198,913	43,366	18,569	1,068,274

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

	2023 £	2022 £
Plant and machinery	166,196	375,353
Motor vehicles	580,560	226,545
	<u>746,756</u>	<u>601,898</u>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

15. Investment property

	Freehold investment property £
Valuation	
At 1 September 2022	200,000
Surplus on revaluation	275,000
	<hr/>
At 31 August 2023	475,000
	<hr/> <hr/>

The 2023 valuations were made by David & Peter Holt Limited, a firm of independent chartered surveyors, on an open market value for existing use basis.

	2023 £	2022 £
Historic cost	163,323	163,323
Valuation in 2017	36,677	36,677
	<hr/>	<hr/>
	200,000	200,000
	<hr/> <hr/>	<hr/> <hr/>

16. Stocks

	2023 £	2022 £
Finished goods and goods for resale	16,205,589	11,408,963
	<hr/> <hr/>	<hr/> <hr/>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

17. Debtors

	2023	2022
	£	£
Trade debtors	11,068,887	11,587,952
Amounts owed by related parties	449,421	159,397
Other debtors	582,071	160,915
Prepayments and accrued income	296,035	124,422
	<u>12,396,414</u>	<u>12,032,686</u>

Included within other debtors is an amount of £nil (2022 - £7,326) which is in relation to an invoice discounting facility. This amount is secured on the trade debtors of the Company.

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

18. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	2,360,459	735,300
Bank loans	8,337	8,337
Other loans	100,000	100,000
Trade creditors	5,387,907	3,765,980
Amounts owed to related parties	-	96,250
Corporation tax	351,050	487,563
Other taxation and social security	1,852,250	2,268,652
Obligations under finance lease and hire purchase contracts	277,580	214,696
Other creditors	10,605,539	9,426,478
Accruals and deferred income	1,333,742	644,349
	<u>22,276,864</u>	<u>17,747,605</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 £7,425,755 (2022 - £8,694,376) due to Royal Bank of Scotland Commercial Services plc which is secured on the trade debtors of the Company.

Also included in other creditors is an amount of £582,161 (2022 - £nil) which is in relation to an invoice discounting facility. This amount 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.

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

	2023 £	2022 £
Bank loans	16,837	25,288
Other loans	166,667	266,667
Net obligations under finance leases and hire purchase contracts	272,565	277,106
	<u>456,069</u>	<u>569,061</u>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

20. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	8,337	8,337
Other loans	100,000	100,000
	<u>108,337</u>	<u>108,337</u>
Amounts falling due 1-2 years		
Bank loans	8,337	8,337
Other loans	100,000	100,000
	<u>108,337</u>	<u>108,337</u>
Amounts falling due 2-5 years		
Bank loans	8,500	16,951
Other loans	66,667	166,667
	<u>75,167</u>	<u>183,618</u>
	<u>291,841</u>	<u>400,292</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	277,580	214,697
Between 1-5 years	272,565	277,106
	<u>550,145</u>	<u>491,803</u>

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

22. Deferred taxation

	2023 £	2022 £
At beginning of year	(216,618)	(137,953)
Charged to profit or loss	(146,171)	(78,665)
At end of year	(362,789)	(216,618)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(286,593)	(208,060)
Capital gains	(77,920)	(9,169)
Short term timing difference	1,724	611
	(362,789)	(216,618)

23. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
1,000 (2022 - 1,000) Ordinary share shares of £0.001 each	1	1

24. 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.

G B TYRES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

25. Pension commitments

Defined contribution schemes

The Company participates in defined contribution pension schemes for the benefit of all enrolled UK employees. The assets of the scheme are administered by trustees in funds independent from those of the Company.

The contributions payable by the Company to the schemes during the year were £38,812 (2022: £27,211). The amount outstanding at the year end was £6,896 (2022: £6,173).

26. Commitments under operating leases

At 31 August 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	128,865	74,565
Later than 1 year and not later than 5 years	118,711	82,596
	<u>247,576</u>	<u>157,161</u>

27. Related party transactions

During the year the Company paid rent to the Directors, in respect of the use of properties of £277,500 (2022 - £277,500). At the year end there was £Nil (2022 - £Nil) outstanding and included in other creditors.

During the year the Company received payment from related companies of £275,114 (2022 - £221,395). At the year end there was £82,148 (2022 - £31,663) outstanding and included in trade debtors.

During the year the Company paid rent to related companies of £1,194,518 (2022 - £405,282). At the year end there was £3,704 (2022 - £140,051) outstanding and included within trade creditors.

Included within other creditors are directors' loans of £11,318 (2022 - £607,649). No interest has been charged on the loan during the year (2022 - £Nil).

Included within other debtors are directors' loans of £70,996 (2022 - £Nil). No interest has been charged on the loan during the year (2022 - £Nil).

Included within creditors is a loan to a related company of £56,053 (2022 - £96,250) no interest has been charged on the loan during the year (2022 - £Nil).

Included within debtors is a loan from a related company of £449,421 (2022 - £159,397). No interest has been charged on the loan during the year (2022 - £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.

G B TYRES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

28. Post balance sheet events

Since the year end G B Tyres has purchased the complete share capital of Nordic Tyres (UK) Limited.