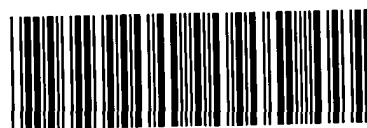


Group Strategic Report, Report of the Directors and
Audited Consolidated Financial Statements
for the Period 20 April 2018 to 31 December 2018
for
GRANTHAM CAPITAL LIMITED

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GRANTHAM CAPITAL LIMITED

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for the Period 20 April 2018 to 31 December 2018

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GRANTHAM CAPITAL LIMITED

Company Information
for the Period 20 April 2018 to 31 December 2018

DIRECTORS:

H Kandhari
B Mathews

SECRETARY:

REGISTERED OFFICE:

Stirling House
9 Burroughs Gardens
Hendon
London
NW4 4AU

REGISTERED NUMBER:

11321148 (England and Wales)

AUDITORS:

OAKS
Bexley House (Suite 3)
77 Bexley High Street
Bexley
Kent
DA5 1JX

SOLICITORS:

Aughton Ainsworth
2 Merchants Quay
Manchester
M50 3XR

GRANTHAM CAPITAL LIMITED

Group Strategic Report **for the Period 20 April 2018 to 31 December 2018**

The directors present their strategic report of the company and the group for the period 20 April 2018 to 31 December 2018.

REVIEW OF BUSINESS

The turnover for the year was £18,760,818 (2017 £16,737,939) an increase of 12.09% for the year.

The operating profit, before tax was £252,462 (2017 £830,854) a decrease of 69.61% for the year. The substantial decrease was due to decrease of approximately 4% in gross profit and release of accruals of previous years.

Despite the decrease of operating profits, the company achieved another creditable level of gross profitability in 2018 against the continuing consolidation in the UK Tyre Market and rising raw material input costs. The company has reacted well to these changes by establishing new partners and with improved efficiency helping to offset cost pressures.

Further development in the company's fleet management systems continue to bear fruit in competing with the new tyre manufacturers, helping us to continue to add new fleet management contracts to our growing portfolio as well as renewing key long-term contracts.

Manufacturing quality remains key for the company and made further improvements through targeted investments in modern production and control systems. This has enabled us to boost productivity and quality to ensure we can maintain a competitive edge. All our manufacturing processes are controlled and audited to ISO Standards.

Our principal activity of recycling and re-treading of truck tyres, supported by a fleet management system enables the company to provide its customers with a fully integrated tyre solution, tailored to their specific needs whilst reducing the impact on the environment and offering a first class, cost-effective tyre management package. New products and services will be introduced to complement this strategy.

We aim to provide the best products and exceptional value for money for all our Customers, with the retained profits re-invested in product manufacturing initiatives and specific fleet management system developments. This strategy will support sales growth and protect profits ensuring further investments can be made to reduce unit costs, support innovation and maintain the company's position as the premier UK provider of single source tyre solutions.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks:-

Cashflow risk - the company manages cashflow at all levels within the business and has more than adequate funding arrangement to manage variation in working capital via its invoice discounting facility.

Credit risk - the credit risk is primarily attributed to its trade receivables. The company has credit insurance for the majority of its debtors and works with many low risk council and other municipal customers. The amounts presented in the statement of financial position are net of allowances for doubtful receivables.

Foreign Exchange Risk - This is minimised wherever possible by acquiring foreign currency which it holds as a cash balance and therefore hedges such exposure.

Price risk - as with the industry in general the company is exposed to the changing price of rubber and energy although where possible forward contracts are used to mitigate this exposure. Many of the company's customers are also under contract that allows this core, commodity driven price increase to be passed on to them at renewal.

GRANTHAM CAPITAL LIMITED

Group Strategic Report
for the Period 20 April 2018 to 31 December 2018

FUTURE DEVELOPMENT

On 23rd June 2016 the UK voted to leave the EU. This has led to a period of heightened uncertainty and market volatility. The company is reviewing the likely impact this may have and is examining its business model, risks and uncertainties accordingly. We do not expect any of the proposed changes will have a major impact on trading or profitability.

Despite the challenges faced in the year the Directors are more than satisfied with the overall financial performance and have the necessary resources available for the future investment needs over the coming period to continue to support a sustainable level of profit and seek to take advantage of any further business development opportunities as they arise.

ON BEHALF OF THE BOARD:

.....
Director

Date:23/9/2019.....

GRANTHAM CAPITAL LIMITED

Report of the Directors **for the Period 20 April 2018 to 31 December 2018**

The directors present their report with the financial statements of the company and the group for the period 20 April 2018 to 31 December 2018.

INCORPORATION

The group was incorporated on 20 April 2018.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of the repair and reconditioning of tyres, the sale of tyres and equipment for tyre reconditioning and servicing, and the provision of comprehensive tyre management services to its fleet logistics and waste management customers.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2018.

DIRECTOR

H Kandhari was appointed as a director on 20 April 2018 and held office during the whole of the period from then to the date of this report.

B Mathews was appointed as a director after 31 December 2018 but prior to the date of this report.

Both the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

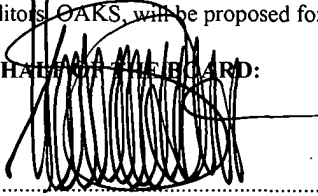
GRANTHAM CAPITAL LIMITED

Report of the Directors
for the Period 20 April 2018 to 31 December 2018

AUDITORS

The auditors OAKS, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
Director

Date: 23/9/2019

Report of the Independent Auditors to the Members of
Grantham Capital Limited

Opinion

We have audited the financial statements of Grantham Capital Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, 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 group's and of the parent company affairs as at 31 December 2018 and of the group's profit for the period 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinions 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Grantham Capital Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

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 a Report of the Auditors 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.



Owusu Karikari LLB (Hons) FCCA (Senior Statutory Auditor)
for and on behalf of OAKS OAKS
Bexley House (Suite 3)
77 Bexley High Street
Bexley
Kent
DA5 1JX

23 September 2019

GRANTHAM CAPITAL LIMITED

Consolidated Income Statement
for the Period 20 April 2018 to 31 December 2018

	Notes	£	£
TURNOVER	3		18,760,818
Cost of sales			<u>12,153,779</u>
GROSS PROFIT			6,607,039
Distribution costs		64,044	
Administrative expenses		<u>6,316,567</u>	<u>6,380,611</u>
			226,428
Other operating income			<u>23,750</u>
OPERATING PROFIT	5		250,178
Pension actuarial gain/(loss)	6		<u>755,000</u>
			1,005,178
Interest receivable and similar income			<u>2,302</u>
			1,007,480
Interest payable and similar expenses	7	46,577	
Other finance costs	21	<u>5,000</u>	<u>51,577</u>
PROFIT BEFORE TAXATION			955,903
Tax on profit	8		<u>3</u>
PROFIT FOR THE FINANCIAL PERIOD			<u>955,900</u>
Profit attributable to: Owners of the parent			<u>955,900</u>

The notes form part of these financial statements

GRANTHAM CAPITAL LIMITED

Consolidated Other Comprehensive Income
for the Period 20 April 2018 to 31 December 2018

	Notes	£
PROFIT FOR THE PERIOD		955,900
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>955,900</u>
Total comprehensive income attributable to: Owners of the parent		<u>955,900</u>

The notes form part of these financial statements

GRANTHAM CAPITAL LIMITED (REGISTERED NUMBER: 11321148)

Consolidated Balance Sheet
31 December 2018

	Notes	£	£
FIXED ASSETS			
Intangible assets	10		-
Tangible assets	11		2,071,893
Investments	12		14,085,573
Investment property	13		<u>300,000</u>
			16,457,466
CURRENT ASSETS			
Stocks	14	4,006,538	
Debtors	15	8,369,099	
Cash at bank and in hand		<u>100,774</u>	
		12,476,411	
CREDITORS			
Amounts falling due within one year	16	<u>13,506,839</u>	
NET CURRENT LIABILITIES			<u>(1,030,428)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,427,038
CREDITORS			
Amounts falling due after more than one year	17		(6,800,000)
PENSION ASSET	21		<u>814,000</u>
NET ASSETS			<u>9,441,038</u>
CAPITAL AND RESERVES			
Called up share capital	19		1,745,900
Share premium	20		38,533
Revaluation reserve	20		189,500
Capital redemption reserve	20		103,486
Retained earnings	20		<u>7,363,619</u>
SHAREHOLDERS' FUNDS			<u>9,441,038</u>

The financial statements were approved by the Board of Directors on 23/9/2019 and were signed on its behalf by:

.....
Director

The notes form part of these financial statements

GRANTHAM CAPITAL LIMITED (REGISTERED NUMBER: 11321148)

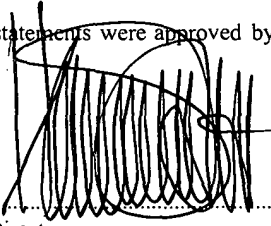
Company Balance Sheet

31 December 2018

	Notes	£	£
FIXED ASSETS			
Intangible assets	10		-
Tangible assets	11		-
Investments	12		14,085,569
Investment property	13		-
			<u>14,085,569</u>
CURRENT ASSETS			
Cash at bank and in hand		719	
CREDITORS			
Amounts falling due within one year	16	<u>7,286,272</u>	
NET CURRENT LIABILITIES			<u>(7,285,553)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,800,016</u>
CREDITORS			
Amounts falling due after more than one year	17		<u>6,800,000</u>
NET ASSETS			<u><u>16</u></u>
CAPITAL AND RESERVES			
Called up share capital	19		1
Retained earnings			<u>15</u>
SHAREHOLDERS' FUNDS			<u><u>16</u></u>
Company's profit for the financial year			<u><u>15</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 23/1/2019 and were signed on its behalf by:


.....
H Kandhari - Director

The notes form part of these financial statements

GRANTHAM CAPITAL LIMITED

Consolidated Statement of Changes in Equity
for the Period 20 April 2018 to 31 December 2018

	Called up share capital £	Retained earnings £	Share premium £
Changes in equity			
Issue of share capital	1,745,900	-	10,800
Total comprehensive income	<u>-</u>	<u>955,900</u>	<u>-</u>
Balance at 31 December 2018	<u><u>1,745,900</u></u>	<u><u>955,900</u></u>	<u><u>10,800</u></u>
	Revaluation reserve £	Capital redemption reserve £	Total equity £
Changes in equity			
Issue of share capital	-	-	1,756,700
Total comprehensive income	<u>-</u>	<u>-</u>	<u>955,900</u>
Balance at 31 December 2018	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,712,600</u></u>

The notes form part of these financial statements

GRANTHAM CAPITAL LIMITED

Company Statement of Changes in Equity
for the Period 20 April 2018 to 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1	-	1
Total comprehensive income	<u>-</u>	<u>15</u>	<u>15</u>
Balance at 31 December 2018	<u><u>1</u></u>	<u><u>15</u></u>	<u><u>16</u></u>

The notes form part of these financial statements

GRANTHAM CAPITAL LIMITED

Consolidated Cash Flow Statement
for the Period 20 April 2018 to 31 December 2018

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	5,291,916
Interest paid		(37,422)
Interest element of hire purchase payments paid		(9,155)
Loan from group companies		7,284,069
Tax paid		<u>(11,059)</u>
Net cash from operating activities		<u>12,518,349</u>
 Cash flows from investing activities		
Purchase of tangible fixed assets		(620,283)
Purchase of fixed asset investments		(14,085,569)
Interest received		<u>2,302</u>
Net cash from investing activities		<u>(14,703,550)</u>
 Cash flows from financing activities		
Capital repayments in year		(29,667)
Share issue		50,801
Opening bank balance of subsidiary		<u>2,264,841</u>
Net cash from financing activities		<u>2,285,975</u>
 Increase in cash and cash equivalents		<u>100,774</u>
Cash and cash equivalents at beginning of period	2	-
 Cash and cash equivalents at end of period	2	<u><u>100,774</u></u>

The notes form part of these financial statements

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Cash Flow Statement
for the Period 20 April 2018 to 31 December 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	£
Profit before taxation	955,903
Depreciation charges	527,008
Pension actuarial gain/(loss)	(755,000)
Adjustment for pension funding	(496,000)
Payment on behalf of parent	(2,561,069)
Finance costs	51,577
Finance income	(2,302)
	<hr/>
	(2,279,883)
Increase in stocks	(811,991)
Increase in trade and other debtors	(2,370,556)
Increase in trade and other creditors	10,754,346
	<hr/>
Cash generated from operations	<u>5,291,916</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2018

	31.12.18	20.4.18
	£	£
Cash and cash equivalents	<u>100,774</u>	<u>-</u>

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements **for the Period 20 April 2018 to 31 December 2018**

1. STATUTORY INFORMATION

Grantham Capital Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Basis of consolidation

Only the main subsidiary Vaculug Technologies Ltd has been consolidated. None of the of the sub-sub-subsidiaries have been consolidated as they are dormant, Thus their consolidation into group accounts would be material for the purposes of giving a true and fair view.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if revision affects both current and future periods.

The key source of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

(i) Defined benefit pension scheme:

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trend. See note 21 for disclosures relating to the defined benefit pension scheme.

(ii) Inventory provision

The company repairs and reconditions tyres and is subject to changing consumer demands and economic trends. As a result it is necessary to consider the reconcilability of the cost of inventories and the associated provisioning required. Inventories are stated after provisions for impairment of £207,496 (2017 - £83,477). When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued **for the Period 20 April 2018 to 31 December 2018**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue comprises the value excluding VAT of sale of goods and services. Tyre sales are recognised upon delivery to the customer, or upon collection by customer. Income from fixed price managed contracts are recognised in the period in which the services are rendered. Where the substance of managed contracts is considered to be long term contract, turnover represents the value of work done in year by reference to the stage of completion.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2007, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% on cost
Plant and machinery	- 12.5% on cost
Vehicles, fixtures and computer equipment	- at varying rates on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued **for the Period 20 April 2018 to 31 December 2018**

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a non contributory pension scheme providing benefits based on final pensionable pay, a company personal pension plan and a stakeholder scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

Contributions to the company personal pension plan and stakeholder scheme are charged to the income statement as incurred. Contribution to the company final salary scheme are charged in accordance with Section 28 'Employee benefits' of Financial Reporting Standard 102.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	£
United Kingdom	18,444,818
Europe	229,000
Canada	87,000
	<u>18,760,818</u>

4. EMPLOYEES AND DIRECTORS

	£
Wages and salaries	3,691,209
Social security costs	375,454
Other pension costs	217,612
	<u>4,284,275</u>

The average number of employees during the period was as follows:

Directors and administration	12
Production and sales staff	124
	<u>136</u>

The average number of employees by undertakings that were proportionately consolidated during the period was 136.

	£
Director's remuneration	<u>313,675</u>

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued
for the Period 20 April 2018 to 31 December 2018

4. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u><u>2</u></u>
------------------------	-----------------

5. OPERATING PROFIT

The operating profit is stated after charging:

	£
Hire of plant and machinery	202,109
Other operating leases	370,008
Depreciation - owned assets	527,008
Auditors' remuneration	15,500
Foreign exchange differences	<u><u>10,172</u></u>

6. EXCEPTIONAL ITEMS

	£
Pension actuarial gain/(loss)	<u><u>755,000</u></u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	£
Bank interest	37,422
Hire purchase	<u><u>9,155</u></u>
	<u><u>46,577</u></u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	£
Current tax:	
UK corporation tax	<u><u>3</u></u>
Tax on profit	<u><u>3</u></u>

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued
for the Period 20 April 2018 to 31 December 2018

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents & trademarks £	Totals £
COST			
At 20 April 2018 and 31 December 2018	<u>940,514</u>	<u>93,000</u>	<u>1,033,514</u>
AMORTISATION			
At 20 April 2018 and 31 December 2018	<u>940,514</u>	<u>93,000</u>	<u>1,033,514</u>
NET BOOK VALUE			
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
At 19 April 2018	<u>-</u>	<u>-</u>	<u>-</u>

11. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Vehicles, fixtures and computer equipment £	Totals £
COST				
At 20 April 2018	428,990	9,123,635	2,800,884	12,353,509
Additions	21,145	279,484	319,654	620,283
Disposals	<u>-</u>	<u>(66,149)</u>	<u>-</u>	<u>(66,149)</u>
At 31 December 2018	<u>450,135</u>	<u>9,336,970</u>	<u>3,120,538</u>	<u>12,907,643</u>
DEPRECIATION				
At 20 April 2018	276,053	7,628,023	2,470,815	10,374,891
Charge for period	53,462	347,256	126,290	527,008
Eliminated on disposal	<u>-</u>	<u>(66,149)</u>	<u>-</u>	<u>(66,149)</u>
At 31 December 2018	<u>329,515</u>	<u>7,909,130</u>	<u>2,597,105</u>	<u>10,835,750</u>
NET BOOK VALUE				
At 31 December 2018	<u>120,620</u>	<u>1,427,840</u>	<u>523,433</u>	<u>2,071,893</u>
At 19 April 2018	<u>152,937</u>	<u>1,495,612</u>	<u>330,069</u>	<u>1,978,618</u>

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued
for the Period 20 April 2018 to 31 December 2018

12. FIXED ASSET INVESTMENTS

Group	Shares in group undertakings £
COST	
At 20 April 2018	62,855
Additions	<u>14,085,569</u>
At 31 December 2018	<u>14,148,424</u>
PROVISIONS	
At 20 April 2018 and 31 December 2018	<u>62,851</u>
NET BOOK VALUE	
At 31 December 2018	<u>14,085,573</u>
At 19 April 2018	<u>4</u>
Company	
	Shares in group undertakings £
COST	
Additions	<u>14,085,569</u>
At 31 December 2018	<u>14,085,569</u>
NET BOOK VALUE	
At 31 December 2018	<u>14,085,569</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Vaculug Technologies Ltd

Registered office: Gonerby Road, Gonerby Hill Foot, Grantham, Lincolnshire NG31 8HE

Nature of business: Repair & reconditioning of tyres & fleet logistics

	%	
Class of shares:	holding	
Ordinary	100.00	
'A' Ordinary	100.00	
		31.12.18
		£
Aggregate capital and reserves		9,439,611
Profit for the period		<u>954,479</u>

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued
for the Period 20 April 2018 to 31 December 2018

13. INVESTMENT PROPERTY

Group	Total £
FAIR VALUE	
At 20 April 2018 and 31 December 2018	<u><u>300,000</u></u>
NET BOOK VALUE	
At 31 December 2018	<u><u>300,000</u></u>
At 19 April 2018	<u><u>300,000</u></u>

14. STOCKS

	Group £
Raw materials	327,264
Work-in-progress	304,068
Finished goods	<u>3,375,206</u>
	<u><u>4,006,538</u></u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £
Trade debtors	5,921,607
Amounts owed by group undertakings	44
Other debtors	<u>2,447,448</u>
	<u><u>8,369,099</u></u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £	Company £
Hire purchase contracts (see note 18)	158,754	-
Trade creditors	2,978,909	-
Amounts owed to group undertakings	4,723,045	7,284,069
Tax	43	3
Social security and other taxes	558,795	-
Other creditors	2,227,261	-
Accruals and deferred income	2,857,832	-
Accrued expenses	<u>2,200</u>	<u>2,200</u>
	<u><u>13,506,839</u></u>	<u><u>7,286,272</u></u>

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued
for the Period 20 April 2018 to 31 December 2018

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group £	Company £
Other creditors	<u>6,800,000</u>	<u>6,800,000</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts £
Net obligations repayable: Within one year	<u>158,754</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	£
1,739,893	Ordinary	£1.00	1,739,893
17,162	'A' Ordinary	£0.35	<u>6,007</u>
			<u>1,745,900</u>

40,001 Ordinary shares of £1.00 each were allotted as fully paid at a premium of 0.27 per share during the period.

20. RESERVES

Group

	Retained earnings £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 20 April 2018	6,407,719	27,733	189,500	103,486	6,728,438
Profit for the period	955,900				955,900
Cash share issue	<u>-</u>	<u>10,800</u>	<u>-</u>	<u>-</u>	<u>10,800</u>
At 31 December 2018	<u>7,363,619</u>	<u>38,533</u>	<u>189,500</u>	<u>103,486</u>	<u>7,695,138</u>

21. EMPLOYEE BENEFIT OBLIGATIONS

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued
for the Period 20 April 2018 to 31 December 2018

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans £
Current service cost	209,000
Net interest from net defined benefit asset/liability	(204,000)
Past service cost	-
	<u>5,000</u>
 Actual return on plan assets	 <u>29,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans £
Opening defined benefit obligation	8,589,000
Current service cost	209,000
Actuarial losses/(gains)	23,000
Benefits paid	(437,000)
Change of basis - assumptions	(961,000)
	<u>7,423,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans £
Opening fair value of scheme assets	8,157,000
Contributions by employer	496,000
Expected return	204,000
Actuarial gains/(losses)	(175,000)
Benefits paid	(437,000)
Change of basis - assumptions	(8,000)
	<u>8,237,000</u>

GRANTHAM CAPITAL LIMITED

Notes to the Consolidated Financial Statements - continued
for the Period 20 April 2018 to 31 December 2018

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans £
Actuarial gains/(losses)	<u>755,000</u>
	<u>755,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans £
Cash and Gilts	8,021,000
Insured pensioners	<u>216,000</u>
	<u>8,237,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Discount rate	3.50%
Future pension increases	2.10%
Inflation	3.10%

22. ULTIMATE PARENT COMPANY

Queen's Road Capital Limited (incorporated in Hong Kong) is regarded by the directors as being the company's ultimate parent company.

23. ULTIMATE CONTROLLING PARTY

The controlling party is H Kandhari.

GRANTHAM CAPITAL LIMITED

Consolidated Trading and Profit and Loss Account
for the Period 20 April 2018 to 31 December 2018

	£	£
Turnover		
Sales	16,997,811	
Casing sales	2,012,633	
Claims	(869)	
Internal sales	<u>(248,757)</u>	
		18,760,818
 Cost of sales		
Opening stock	3,194,547	
Raw materials & consumables	10,639,455	
Wages	1,684,409	
Social security	153,099	
Pensions	96,798	
Hire of plant and machinery	83,711	
Quality & other direct costs	187,900	
Plant repair	189,924	
Training	19,821	
Sundry consumables	68,305	
Scrap disposal	20,275	
Rubber waste	(39,374)	
Casing tipping & other costs	251,672	
Manage contract surplus	(638,807)	
Standard cost of sales	6,874,331	
Materials, labour & overhead recovered	(6,973,005)	
Depreciation of tangible fixed assets	<u>347,256</u>	
	16,160,317	
Closing stock	<u>(4,006,538)</u>	
		<u>12,153,779</u>
 GROSS PROFIT		 6,607,039
 Other income		
Rents received	23,750	
Deposit account interest	<u>2,302</u>	
		<u>26,052</u>
		6,633,091
 Expenditure		
Carriage	146,301	
Storage	(82,257)	
Rent	370,008	
Maidstone depot operation cost	16,350	
Rates and water	124,822	
Repairs to property	22,646	
Security	9,233	
Fire prevention	15,239	
Directors' salaries	271,421	
Directors' fees	28,706	
Wages	1,706,673	
Social security	222,355	
	<u>2,851,497</u>	
Carried forward	2,851,497	6,633,091

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GRANTHAM CAPITAL LIMITED

Consolidated Trading and Profit and Loss Account
for the Period 20 April 2018 to 31 December 2018

	£	£
Brought forward	2,851,497	6,633,091
Pensions	120,814	
Hire of plant and machinery	118,398	
Telephone	43,132	
Post and stationery	10,168	
Advertising	226,877	
Motor & travelling expenses	125,313	
Subcontracted transport	1,653,578	
Insurance	251,004	
Repairs and renewals	1,048	
Warranty	10,510	
Test sets	100	
Canteen	4,761	
Pest control	807	
Computer costs	7,255	
Sundry expenses	52,369	
Medical expenses	2,846	
Copier	17,156	
Training	12,129	
Data processing	153,550	
Consultancy	5,727	
Subscriptions & donations	57,367	
BSI costs	7,795	
Drum testing	3,376	
Legal fees	80,020	
Auditors' remuneration	15,500	
Foreign exchange losses	10,172	
Commission paid	27,194	
Entertainment	2,003	
Bad debts	(977)	
New product development	2,289	
Calibration	12,507	
Wheel view	29,205	
Recruitment	199	
Depreciation of tangible fixed assets		
Improvements to property	53,462	
Depn of vehicles, fixtures and computer equipment	126,290	
Management services	127,117	
HSE Fines	34,054	
	<hr/>	<hr/>
		6,256,612
		376,479
Finance costs		
Bank charges	23,447	
Discounts	100,552	
Bank interest	37,422	
Hire purchase	9,155	
	<hr/>	<hr/>
		170,576
Carried forward		205,903

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GRANTHAM CAPITAL LIMITED

Consolidated Trading and Profit and Loss Account
for the Period 20 April 2018 to 31 December 2018

	£	£
Brought forward		205,903
Other finance income/costs		
Interest income on pension scheme assets	(204,000)	
Interest on pension scheme liabilities	<u>209,000</u>	
		<u>5,000</u>
		200,903
Exceptional items		
Pension actuarial gain/(loss)		<u>755,000</u>
NET PROFIT		<u><u>955,903</u></u>

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