

**Strategic Report, Report of the Director and**  
**Audited Financial Statements for the Period 1 January 2020 to 30 December 2020**  
**for**  
**VACULUG LIMITED**

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**for the Period 1 January 2020 to 30 December 2020**

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**VACULUG LIMITED**

**Company Information**  
**for the Period 1 January 2020 to 30 December 2020**

<b>DIRECTOR:</b>	H S Kandhari
<b>REGISTERED OFFICE:</b>	Gonerby Road Gonerby Hill Foot Grantham Lincolnshire NG31 8HE
<b>REGISTERED NUMBER:</b>	00488961 (England and Wales)
<b>AUDITORS:</b>	KLSA LLP Chartered Accountants Kalamu House 11 Coldbath Square London EC1R 5HL
<b>SOLICITORS:</b>	Aughton Ainsworth 2 Merchants Quay Manchester M50 3XR

**Strategic Report**  
**for the Period 1 January 2020 to 30 December 2020**

The director presents his strategic report for the period 1 January 2020 to 30 December 2020.

**REVIEW OF BUSINESS**

As shown in the company's profit and loss account set out on page 9, the company made profit after tax of £231,526 (2019 £251,582).

The company's balance sheet on page 10, shows the financial position remained strong with net assets valued at £9,924,125 (2019 £9,692,599).

The company this year managed to increase its operating profits and retain another creditable level of gross profitability in 2020 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 partnerships 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 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 to manage variations in working capital in place.

**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.

**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.

**Covid-19** - The directors have also considered the potential impact of the Covid-19 virus on the future viability of the company. At the date of preparing these financial statements, the full impact on the business of what are undoubtedly abnormal trading conditions cannot be quantified. This gives rise to material uncertainty which may or may not affect the going concern status of the company. The directors continue to take all available steps to maintain sufficient resources in order that the business can continue.

**Strategic Report**  
**for the Period 1 January 2020 to 30 December 2020**

**FUTURE DEVELOPMENT**

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.

**KEY PERFORMANCE INDICATORS**

The key financial indicators for the performance of the company are gross profit margin and turnover.

The gross profit of the company for the period under review was £6m (2019: £6.7m) and turnover of £21.3m (2019: £20.3m). The key non financial performance indicators are client service and satisfaction and shareholder relationships.

**ON BEHALF OF THE BOARD:**

H S Kandhari - Director

7 December 2021

**Report of the Director**  
**for the Period 1 January 2020 to 30 December 2020**

The director presents his report with the financial statements of the company for the period 1 January 2020 to 30 December 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the company 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 30 December 2020.

**DIRECTOR**

H S Kandhari held office during the whole of the period from 1 January 2020 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he 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 company's auditors are aware of that information.

**AUDITORS**

KLSA LLP were appointed as auditor to the company and in accordance with section 485 of Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**ON BEHALF OF THE BOARD:**

H S Kandhari - Director

7 December 2021

**Report of the Independent Auditors to the Members of**  
**Vaculug Limited**

**Opinion**

We have audited the financial statements of Vaculug Limited (the 'company') for the period ended 30 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 company's affairs as at 30 December 2020 and of its 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 company 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**

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

**Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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 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.

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

**Report of the Independent Auditors to the Members of**  
**Vaculug Limited**

**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 Report of the Director.

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, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.



**Report of the Independent Auditors to the Members of**  
**Vaculug Limited**

**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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence,
- capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and
- other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

We also considered potential fraud drivers: including financial or other pressures, opportunity, override of controls and personal or corporate motivations. We considered the programme and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing journals, evaluating the business rationale of significant transactions outside the normal course of business and validating the appropriateness of internal controls and significant accounting estimations based on our fraud risk criteria;

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims.

We assessed the impact of COVID-19 on the inherent risk of fraud, including potential opportunities for fraud with remote working and government grants.

We obtained understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to the financial reporting framework, tax regulations in the jurisdictions in which the company operates.

Based on this understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved: making enquiries of management, those responsible for legal and compliance procedures and reviewing other correspondence.

We communicated identified fraud risks and non-compliance with laws and regulations with those charged with governance, throughout the audit team and remained alert to any indications throughout the audit.

**Report of the Independent Auditors to the Members of**  
**Vaculug Limited**

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

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

Harsheel Dodhia (Senior Statutory Auditor)  
for and on behalf of KLSA LLP  
Chartered Accountants  
Kalamu House  
11 Coldbath Square  
London  
EC1R 5HL

7 December 2021

**VACULUG LIMITED (REGISTERED NUMBER: 00488961)**

**Statement of Comprehensive  
Income  
for the Period 1 January 2020 to 30 December 2020**

	Notes	<b>Period</b> <b>1.1.20 to 30.12.20</b>		<b>Year Ended</b> <b>31.12.19</b>	
		£	£	£	£
<b>TURNOVER</b>	3		21,358,065		20,355,081
Cost of sales			<u>15,291,781</u>		<u>13,650,715</u>
<b>GROSS PROFIT</b>			<b>6,066,284</b>		<b>6,704,366</b>
Distribution costs		<b>(25,579)</b>		2,041	
Administrative expenses		<u>6,437,403</u>		<u>6,456,623</u>	
			<u>6,411,824</u>		<u>6,458,664</u>
			<b>(345,540)</b>		<b>245,702</b>
Other operating income			<u>698,371</u>		<u>53,738</u>
<b>OPERATING PROFIT</b>	5		<b>352,831</b>		<b>299,440</b>
Pensions actuarial gain/(loss)	6		<u>268,000</u>		<u>8,000</u>
			<b>84,831</b>		<b>291,440</b>
Interest receivable and similar income		<b>96</b>		-	
Other finance income	23	<u>24,000</u>		<u>28,000</u>	
			<u>24,096</u>		<u>28,000</u>
			<b>108,927</b>		<b>319,440</b>
Interest payable and similar expenses	7		<u>57,626</u>		<u>67,858</u>
<b>PROFIT BEFORE TAXATION</b>			<b>51,301</b>		<b>251,582</b>
Tax on profit	8		<u>(180,225)</u>		<u>-</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>			<b>231,526</b>		<b>251,582</b>
<b>OTHER COMPREHENSIVE INCOME</b>			<u>-</u>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE PERIOD</b>			<u><b>231,526</b></u>		<u><b>251,582</b></u>

The notes form part of these financial statements

**VACULUG LIMITED (REGISTERED NUMBER: 00488961)**

**Statement of Financial Position**  
**30 December 2020**

	Notes	30.12.20 £	£	31.12.19 £	£
<b>FIXED ASSETS</b>					
Intangible assets	11		-		-
Tangible assets	12		2,676,748		1,801,427
Investments	13		-		4
Investment property	14		300,000		300,000
			<u>2,976,748</u>		<u>2,101,431</u>
<b>CURRENT ASSETS</b>					
Stocks	15		1,985,710		3,668,792
Debtors	16		14,566,478		13,489,218
Cash at bank			<u>4,176,622</u>		<u>1,513,041</u>
			20,728,810		18,671,051
<b>CREDITORS</b>					
Amounts falling due within one year	17		<u>13,859,511</u>		<u>11,885,883</u>
<b>NET CURRENT ASSETS</b>			<u>6,869,299</u>		<u>6,785,168</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>9,846,047</u>		<u>8,886,599</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	18		(447,917)		-
<b>PROVISIONS FOR LIABILITIES</b>	20		(36,005)		-
<b>PENSION ASSET</b>	23		<u>562,000</u>		<u>806,000</u>
<b>NET ASSETS</b>			<u>9,924,125</u>		<u>9,692,599</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		1,695,894		1,695,894
Share premium	22		38,533		38,533
Capital redemption reserve	22		103,486		103,486
Retained earnings	22		<u>8,086,212</u>		<u>7,854,686</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>9,924,125</u>		<u>9,692,599</u>

The financial statements were approved by the director and authorised for issue on 7 December 2021 and were signed by:

H S Kandhari - Director

The notes form part of these financial statements

**VACULUG LIMITED (REGISTERED NUMBER: 00488961)**

**Statement of Changes in Equity**  
**for the Period 1 January 2020 to 30 December 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Capital redemption reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2019</b>	1,695,894	7,603,104	38,533	103,486	9,441,017
<b>Changes in equity</b>					
Total comprehensive income	-	251,582	-	-	251,582
<b>Balance at 31 December 2019</b>	1,695,894	7,854,686	38,533	103,486	9,692,599
<b>Changes in equity</b>					
Total comprehensive income	-	231,526	-	-	231,526
<b>Balance at 30 December 2020</b>	1,695,894	8,086,212	38,533	103,486	9,924,125

The notes form part of these financial statements

**Statement of Cash Flows**  
**for the Period 1 January 2020 to 30 December 2020**

	Notes	Period 1.1.20 to 30.12.20 £	Year Ended 31.12.19 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	3,976,391	1,814,426
Interest paid		(53,033)	(58,925)
Interest element of hire purchase payments paid		(4,593)	(8,933)
Tax paid		216,230	-
Net cash from operating activities		<u>4,134,995</u>	<u>1,746,568</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(1,451,586)	(277,371)
Sale of fixed asset investments		4	-
Interest received		96	-
Net cash from investing activities		<u>(1,451,486)</u>	<u>(277,371)</u>
<b>Cash flows from financing activities</b>			
Finance income		24,000	28,000
Capital repayments in year		(43,928)	(84,210)
Net cash from financing activities		<u>(19,928)</u>	<u>(56,210)</u>
<b>Increase in cash and cash equivalents</b>		<u>2,663,581</u>	<u>1,412,987</u>
<b>Cash and cash equivalents at beginning of period</b>	2	<u>1,513,041</u>	<u>100,054</u>
<b>Cash and cash equivalents at end of period</b>	2	<u>4,176,622</u>	<u>1,513,041</u>

The notes form part of these financial statements

**Notes to the Statement of Cash Flows**  
**for the Period 1 January 2020 to 30 December 2020**

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

	<b>Period 1.1.20 to 30.12.20 £</b>	<b>Year Ended 31.12.19 £</b>
Profit before taxation	<b>51,301</b>	251,582
Depreciation charges	<b>576,266</b>	547,837
Pension actuarial gain/(loss)	<b>268,000</b>	8,000
JRS Grants	<b>583,614</b>	-
Adjustment for pension funding	<b>(24,000)</b>	-
Payment on behalf of parent & associates	<b>410,869</b>	(370,500)
Government grants	<b>(583,614)</b>	-
Finance costs	<b>57,626</b>	67,858
Finance income	<b>(24,096)</b>	(28,000)
	<b>1,315,966</b>	476,777
Decrease in stocks	<b>1,683,082</b>	337,746
Increase in trade and other debtors	<b>(1,118,960)</b>	(2,188,594)
Increase in trade and other creditors	<b>2,096,303</b>	3,188,497
<b>Cash generated from operations</b>	<b><u>3,976,391</u></b>	<b><u>1,814,426</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Period ended 30 December 2020**

	<b>30.12.20 £</b>	<b>1.1.20 £</b>
Cash and cash equivalents	<b><u>4,176,622</u></b>	<b><u>1,513,041</u></b>
<b>Year ended 31 December 2019</b>		
	<b>31.12.19 £</b>	<b>1.1.19 £</b>
Cash and cash equivalents	<b><u>1,513,041</u></b>	<b><u>100,054</u></b>

**Notes to the Statement of Cash Flows**  
**for the Period 1 January 2020 to 30 December 2020**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20 £	Cash flow £	At 30.12.20 £
<b>Net cash</b>			
Cash at bank	<u>1,513,041</u>	<u>2,663,581</u>	<u>4,176,622</u>
	<u>1,513,041</u>	<u>2,663,581</u>	<u>4,176,622</u>
<b>Debt</b>			
Finance leases	<u>(74,544)</u>	<u>43,928</u>	<u>(30,616)</u>
	<u>(74,544)</u>	<u>43,928</u>	<u>(30,616)</u>
<b>Total</b>	<u>1,438,497</u>	<u>2,707,509</u>	<u>4,146,006</u>

The notes form part of these financial statements



**Notes to the Financial Statements**  
**for the Period 1 January 2020 to 30 December 2020**

**1. STATUTORY INFORMATION**

Vaculug 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 Company 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.

**Preparation of consolidated financial statements**

Group accounts have not been prepared as all of the subsidiaries do not trade and therefore their consolidation into group accounts would not be material for the purposes of giving a true and fair view.

**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, for impairment. 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.

**(iii) Specific provisions**

The company retains a six-month provision for the cost of casings received which are not paid for on receipt but may be claimed by the service provider in due course, and maintains a policy of retaining a provision of six months of undercharges of costs on the managed contracts.

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**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 equipments	- at varying rates on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

**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.

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are 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.

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basis Financial Assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of Financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Basic Financial Liabilities**

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**2. ACCOUNTING POLICIES - continued**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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.

**Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**2. ACCOUNTING POLICIES - continued**

**Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Fixed assets investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**3. TURNOVER**

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

An analysis of turnover by geographical market is given below:

	<b>Period</b>	
	<b>1.1.20</b>	<b>Year Ended</b>
	<b>to</b>	<b>31.12.19</b>
	<b>30.12.20</b>	
	<b>£</b>	<b>£</b>
United Kingdom	<b>17,914,554</b>	17,448,965
Europe	<b>3,397,041</b>	2,774,476
Canada	<b>46,470</b>	131,640
	<b>21,358,065</b>	20,355,081

**Notes to the Financial Statements - continued  
for the Period 1 January 2020 to 30 December 2020**

**4. EMPLOYEES AND DIRECTORS**

	<b>Period 1.1.20 to 30.12.20 £</b>	<b>Year Ended 31.12.19 £</b>
Wages and salaries	<b>3,863,404</b>	3,483,217
Social security costs	<b>364,650</b>	360,622
Other pension costs	<b>114,625</b>	210,168
	<b><u>4,342,679</u></b>	<b><u>4,054,007</u></b>

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

	<b>Period 1.1.20 to 30.12.20</b>	<b>Year Ended 31.12.19</b>
Directors and administration	<b>11</b>	11
Production and sales staff	<b>118</b>	118
	<b><u>129</u></b>	<b><u>129</u></b>

	<b>Period 1.1.20 to 30.12.20 £</b>	<b>Year Ended 31.12.19 £</b>
Directors' remuneration	<b><u>-</u></b>	<b><u>194,534</u></b>

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

Money purchase schemes	<b><u>-</u></b>	<b><u>1</u></b>
------------------------	-----------------	-----------------

**5. OPERATING PROFIT**

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

	<b>Period 1.1.20 to 30.12.20 £</b>	<b>Year Ended 31.12.19 £</b>
Hire of plant and machinery	<b>255,596</b>	192,011
Other operating leases	<b>170,042</b>	368,940
Depreciation - owned assets	<b>576,265</b>	547,837
Auditors' remuneration	<b>17,500</b>	19,000
Foreign exchange differences	<b><u>65,589</u></b>	<b><u>(28,904)</u></b>

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**6. EXCEPTIONAL ITEMS**

	Period 1.1.20 to 30.12.20 £	Year Ended 31.12.19 £
Pensions actuarial gain/(loss)	<u>(268,000)</u>	<u>(8,000)</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 1.1.20 to 30.12.20 £	Year Ended 31.12.19 £
Bank interest	53,033	58,925
Hire purchase	<u>4,593</u>	<u>8,933</u>
	<u><u>57,626</u></u>	<u><u>67,858</u></u>

**8. TAXATION**

**Analysis of the tax credit**

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

	Period 1.1.20 to 30.12.20 £	Year Ended 31.12.19 £
Current tax:		
UK corporation tax	(216,230)	-
Deferred tax	<u>36,005</u>	<u>-</u>
Tax on profit	<u><u>(180,225)</u></u>	<u><u>-</u></u>

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**8. TAXATION - continued**

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.1.20 to 30.12.20 £	Year Ended 31.12.19 £
Profit before tax	<u>51,301</u>	<u>251,582</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	9,747	47,801
Effects of:		
Expenses not deductible for tax purposes	-	(1,034)
Capital allowances in excess of depreciation	(9,747)	-
Depreciation in excess of capital allowances	-	5,145
Utilisation of tax losses	-	(51,912)
R&D Tax credit	(216,230)	-
Deferred tax	<u>36,005</u>	-
Total tax credit	<u>(180,225)</u>	<u>-</u>

**9. GOING CONCERN**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**10. RESTATEMENT OF BALANCES**

In the previous years, revaluation of investment property was classified as revaluation reserve. This has been reclassified to retained earnings in the previous year comparatives. There is no effect on the profit for the year.

**11. INTANGIBLE FIXED ASSETS**

	Goodwill £	Patents & trademarks £	Totals £
<b>COST</b>			
At 1 January 2020 and 30 December 2020	<u>940,514</u>	<u>93,000</u>	<u>1,033,514</u>
<b>AMORTISATION</b>			
At 1 January 2020 and 30 December 2020	<u>940,514</u>	<u>93,000</u>	<u>1,033,514</u>
<b>NET BOOK VALUE</b>			
At 30 December 2020	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>



**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**12. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Vehicles, fixtures and computer equipments £	Totals £
<b>COST</b>				
At 1 January 2020	476,890	9,468,669	3,239,455	13,185,014
Additions	-	476,037	975,549	1,451,586
Disposals	-	(646,636)	-	(646,636)
At 30 December 2020	476,890	9,298,070	4,215,004	13,989,964
<b>DEPRECIATION</b>				
At 1 January 2020	379,352	8,253,513	2,750,722	11,383,587
Charge for period	42,759	339,077	194,429	576,265
Eliminated on disposal	-	(646,636)	-	(646,636)
At 30 December 2020	422,111	7,945,954	2,945,151	11,313,216
<b>NET BOOK VALUE</b>				
At 30 December 2020	54,779	1,352,116	1,269,853	2,676,748
At 31 December 2019	97,538	1,215,156	488,733	1,801,427

**13. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2020	62,855
Disposals	(62,855)
At 30 December 2020	-
<b>PROVISIONS</b>	
At 1 January 2020	62,851
Eliminated on disposal	(62,851)
At 30 December 2020	-
<b>NET BOOK VALUE</b>	
At 30 December 2020	-
At 31 December 2019	4

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**13. FIXED ASSET INVESTMENTS - continued**

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Vaculug Technologies Limited \***

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

Nature of business: Dormant

Class of shares:	%		
Ordinary	holding		
		<b>30.12.20</b>	31.12.19
		£	£
Aggregate capital and reserves		<u>-</u>	<u>1</u>

**Vacu-Lug Tyres Limited \***

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

Nature of business: Dormant

Class of shares:	%		
Ordinary	holding		
		<b>30.12.20</b>	31.12.19
		£	£
Aggregate capital and reserves		-	50,000
Loss for the period/year		<u>-</u>	<u>(50,000)</u>

**Grumac Limited \***

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

Nature of business: Dormant

Class of shares:	%		
Ordinary	holding		
		<b>30.12.20</b>	31.12.19
		£	£
Aggregate capital and reserves		<u>-</u>	<u>1</u>

**The Tyre Equipment Company Limited\***

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

Nature of business: Dormant

Class of shares:	%		
Ordinary	holding		
		<b>30.12.20</b>	31.12.19
		£	£
Aggregate capital and reserves		<u>-</u>	<u>1</u>

**VACULUG LIMITED (REGISTERED NUMBER: 00488961)**

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**13. FIXED ASSET INVESTMENTS - continued**

**Vacu-Lug Industrial Tyres Limited \***

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

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary		<b>30.12.20</b>	31.12.19
		£	£
Aggregate capital and reserves		<u>-</u>	<u>2</u>

\* As at 30 December 2020, the subsidiaries have been disposed off.

**14. INVESTMENT PROPERTY**

	<b>Total</b>
	<b>£</b>
<b>FAIR VALUE</b>	
At 1 January 2020	
and 30 December 2020	<u><b>300,000</b></u>
<b>NET BOOK VALUE</b>	
At 30 December 2020	<u><b>300,000</b></u>
At 31 December 2019	<u><b>300,000</b></u>

The fair value of the investment properties have been arrived at on the basis of a valuation carried out on 6 January 2020 by Caxtons Chartered Surveyors, who are not connected with the company. The valuations has been prepared in accordance with the current edition of The Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

In the opinion of the directors, the market value at the balance sheet date is not materially different to that stated in the financial statements

**15. STOCKS**

	<b>30.12.20</b>	31.12.19
	£	£
Raw materials	<b>426,726</b>	289,576
Work-in-progress	<b>245,687</b>	226,419
Finished goods	<u><b>1,313,297</b></u>	<u>3,152,797</u>
	<u><b>1,985,710</b></u>	<u>3,668,792</u>

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>30.12.20</b>	31.12.19
	£	£
Trade debtors	<b>7,128,715</b>	7,691,530
Amounts owed by group undertakings	<b>2,886,569</b>	2,931,569
Amounts owed by associates	<b>3,300</b>	-
Other debtors	<u><b>4,547,894</b></u>	<u>2,866,119</u>
	<u><b>14,566,478</b></u>	<u>13,489,218</u>

**VACULUG LIMITED (REGISTERED NUMBER: 00488961)**

**Notes to the Financial Statements - continued  
for the Period 1 January 2020 to 30 December 2020**

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>30.12.20</b>	31.12.19
	£	£
Hire purchase contracts (see note 19)	<b>30,616</b>	74,544
Trade creditors	<b>3,194,599</b>	2,991,669
Amounts owed to group undertakings	<b>40</b>	45
Amounts owed to associates	<b>369,175</b>	-
Social security and other taxes	<b>879,285</b>	442,832
Other creditors	<b>5,234,773</b>	4,281,869
Accruals and deferred income	<b>4,151,023</b>	4,094,924
	<b><u>13,859,511</u></b>	<u>11,885,883</u>

At the balance sheet date, included in other creditors, is an amount payable to Barclays Bank Plc for invoice discounting facility of £3,081,693 (2019: £3,174,836). This amount is secured by a fixed and a floating charge over the assets of the company. Included in other creditors is a Coronavirus Business Interruption Loan of £52,083 (2019: £Nil). This amount is secured by a fixed and a floating charge over the assets of the company.

Included in Social security and other taxes is VAT deferred of £443,787 (2019 £NIL)

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>30.12.20</b>	31.12.19
	£	£
Other creditors	<b><u>447,917</u></b>	<u>-</u>

This relates to Coronavirus Business Interruption Loan of £447,917 (2019: £Nil). This amount is secured by a fixed and a floating charge over the assets of the company.

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	<b>30.12.20</b>	31.12.19
	£	£
Net obligations repayable:		
Within one year	<b><u>30,616</u></b>	<u>74,544</u>
	<b>Non-cancellable</b>	<b>operating</b>
	<b>30.12.20</b>	<b>leases</b>
	£	£
Within one year	<b>192,500</b>	192,500
Between one and five years	<b><u>449,167</u></b>	<u>641,667</u>
	<b><u>641,667</u></b>	<u>834,167</u>

**20. PROVISIONS FOR LIABILITIES**

	<b>30.12.20</b>	31.12.19
	£	£
Deferred tax	<b><u>36,005</u></b>	<u>-</u>

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

**20. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Provided during period	36,005
Balance at 30 December 2020	<u>36,005</u>

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal	30.12.20	31.12.19
Number:	Class:	value:	£	£
1,689,887	Ordinary	£1.00	1,689,887	1,689,887
17,162	'A' Ordinary	£0.35	6,007	6,007
			<u>1,695,894</u>	<u>1,695,894</u>

**22. RESERVES**

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2020	7,854,686	38,533	103,486	7,996,705
Profit for the period	<u>231,526</u>			<u>231,526</u>
At 30 December 2020	<u>8,086,212</u>	<u>38,533</u>	<u>103,486</u>	<u>8,228,231</u>

**23. EMPLOYEE BENEFIT OBLIGATIONS**

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans 30.12.20	31.12.19
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	(24,000)	(28,000)
Past service cost	<u>-</u>	<u>-</u>
	<u>(24,000)</u>	<u>(28,000)</u>
Actual return on plan assets	<u>192,000</u>	<u>26,000</u>

**Notes to the Financial Statements - continued  
for the Period 1 January 2020 to 30 December 2020**

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

	<b>Defined benefit pension plans</b>	
	<b>30.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>6,995,000</b>	7,423,000
Interest cost	<b>202,000</b>	252,000
Actuarial losses/(gains)	<b>234,000</b>	43,000
Benefits paid	<b>(517,000)</b>	(461,000)
Change of basis - assumptions	<b>-</b>	(262,000)
	<b><u>6,914,000</u></b>	<b><u>6,995,000</u></b>

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

	<b>Defined benefit pension plans</b>	
	<b>30.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>7,801,000</b>	8,237,000
Contributions by employer	<b>-</b>	(1,000)
Expected return	<b>226,000</b>	280,000
Actuarial gains/(losses)	<b>(34,000)</b>	(254,000)
Benefits paid	<b>(517,000)</b>	(461,000)
	<b><u>7,476,000</u></b>	<b><u>7,801,000</u></b>

The amounts recognised in other comprehensive income are as follows:

	<b>Defined benefit pension plans</b>	
	<b>30.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Actuarial gains/(losses)	<b><u>(268,000)</u></b>	<u>(8,000)</u>
	<b><u>(268,000)</u></b>	<b><u>(8,000)</u></b>

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

	<b>Defined benefit pension plans</b>	
	<b>30.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Corporate Bonds	<b>7,327,000</b>	7,507,000
Cash and Gilts	<b>-</b>	146,000
Insured pensioners	<b>149,000</b>	148,000
	<b><u>7,476,000</u></b>	<b><u>7,801,000</u></b>

**Notes to the Financial Statements - continued**  
**for the Period 1 January 2020 to 30 December 2020**

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

	<b>30.12.20</b>	<b>31.12.19</b>
Discount rate	<b>3.00%</b>	3.00%
Future pension increases	<b>1.90%</b>	1.90%
Inflation	<b>2.90%</b>	2.90%

**24. ULTIMATE PARENT COMPANY**

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

**25. RELATED PARTY TRANSACTIONS**

At the balance sheet date, the balances due to the director Mr H S Kandhari was £591,143 (2019: £574,400) The balances are interest free, unsecured and repayable on demand.

The company has taken advantage of the exemption available in FRS 102 (s33 "Related Party Disclosure"), whereby it has not disclosed transactions with the ultimate parent company and any other company which is under common control.

**26. ULTIMATE CONTROLLING PARTY**

The controlling party is Ms M K Kandhari.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.