

Company registration number 00488961 (England and Wales)

**VACULUG LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 DECEMBER 2021**

# VACULUG LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr H S Kandhari
<b>Company number</b>	00488961
<b>Registered office</b>	Gonerby Road Gonerby Hill Foot Grantham Lincolnshire NG31 8HE
<b>Auditor</b>	KLSA LLP Kalamu House 11 Coldbath Square London EC1R 5HL

# VACULUG LIMITED

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# VACULUG LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 DECEMBER 2021

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The director presents the strategic report for the year ended 30 December 2021.

#### **Fair review of the business**

Turnover for the twelve months ended December 2021 was £21,862,711 (2020: £21,358,064). During the year the company has been largely successful in retaining key contracted business and also added to its growing portfolio of new products, contracts and service offering.

As shown in the company's profit and loss account set out on page 9, the company made profit after tax of £552,077 (2020: £231,526).

The company's balance sheet on page 10, shows the financial position remained strong with net assets valued at £11,337,652 (2020: £9,924,125) with significant investment in manufacturing facilities and information technology enhancement and upgrades. This is supported by equity injection of £861,450 by the shareholder to further strengthen the trading confidence in the company.

Cash position as at the end of December 2021 of £5,677,474 (2020: 4,176,622) remained healthy and company continue to generate net cash from operating activities of £2,006,779 (2020: £2,016,582).

The company this year increased its operating profits and retained a creditable level of profitability in 2021 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 the company 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.

# VACULUG LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 DECEMBER 2021**

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### **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 were possible forward contracts are used to mitigate this exposure. Many of the company's customers are also under contracts that allow this core, commodity driven price increase to be passed on to them.

### **Development and performance**

Despite the challenges faced in the year the Director is satisfied with the overall financial performance and considers the company has the necessary resources available for the future investments 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 £7.5m (2020: £6.1m) and turnover of £21.8m (2020: £21.3m). The key non financial performance indicators are client service and satisfaction and shareholder relationships.

On behalf of the board

Mr H S Kandhari  
**Director**

7 July 2022

# VACULUG LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 30 DECEMBER 2021

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The director presents her annual report and financial statements for the year ended 30 December 2021.

#### Principal activities

The principal activity of the company continued to be that of 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.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

#### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr H S Kandhari

#### Auditor

The auditors, KLSA LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of director's responsibilities

The director is responsible for preparing the annual report 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 she 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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 them to ensure that the financial statements comply with the Companies Act 2006. She 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

## **VACULUG LIMITED**

### **DIRECTOR'S REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 DECEMBER 2021***

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On behalf of the board

Mr H S Kandhari  
**Director**

7 July 2022

# VACULUG LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VACULUG LIMITED

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### Opinion

We have audited the financial statements of Vaculug Limited (the 'company') for the year ended 30 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# VACULUG LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF VACULUG LIMITED

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 director's responsibilities statement, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the 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.

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

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

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

We also considered potential fraud drivers: including financial or other pressures, opportunity, override of controls and personal or corporate motivations. We considered the programmes 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.

## VACULUG LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF VACULUG LIMITED

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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.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Harsheel Dodhia (Senior Statutory Auditor)**  
**For and on behalf of KLSA LLP**

7 July 2022

**Chartered Accountants**  
**Statutory Auditor**

Kalamu House  
11 Coldbath Square  
London  
EC1R 5HL

## VACULUG LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	21,862,711	21,358,064
Cost of sales		(14,386,806)	(15,262,611)
<b>Gross profit</b>		<b>7,475,905</b>	<b>6,095,453</b>
Administrative expenses		(7,651,914)	(6,437,402)
Other operating income		683,067	426,780
<b>Operating profit</b>	<b>5</b>	<b>507,058</b>	<b>84,831</b>
Interest receivable and similar income	7	17,288	24,096
Interest payable and similar expenses	8	(50,563)	(57,626)
<b>Profit before taxation</b>		<b>473,783</b>	<b>51,301</b>
Tax on profit	9	78,294	180,225
<b>Profit for the financial year</b>		<b>552,077</b>	<b>231,526</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## VACULUG LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 30 DECEMBER 2021*

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	2021 £	2020 £
Profit for the year	552,077	231,526
Other comprehensive income	-	-
Total comprehensive income for the year	<u>552,077</u>	<u>231,526</u>

# VACULUG LIMITED

## BALANCE SHEET

AS AT 30 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	10	5,078,472		2,676,747	
Investment properties	11	300,000		300,000	
		<u>5,378,472</u>		<u>2,976,747</u>	
<b>Current assets</b>					
Stocks	12	3,311,165		1,985,710	
Debtors	13	14,629,377		14,566,479	
Cash at bank and in hand		5,677,474		4,176,622	
		<u>23,618,016</u>		<u>20,728,811</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(14,422,693)</u>		<u>(13,859,511)</u>	
<b>Net current assets</b>			<u>9,195,323</u>		<u>6,869,300</u>
<b>Total assets less current liabilities</b>			<u>14,573,795</u>		<u>9,846,047</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(3,906,138)		(447,917)	
<b>Provisions for liabilities</b>					
Deferred tax liability	18	<u>36,005</u>	<u>(36,005)</u>	<u>36,005</u>	<u>(36,005)</u>
<b>Net assets excluding pension surplus</b>			<u>10,631,652</u>		<u>9,362,125</u>
<b>Defined benefit pension surplus</b>	19		<u>706,000</u>		<u>562,000</u>
<b>Net assets</b>			<u><u>11,337,652</u></u>		<u><u>9,924,125</u></u>
<b>Capital and reserves</b>					
Called up share capital	20	2,557,344		1,695,894	
Share premium account		38,533		38,533	
Capital redemption reserve		103,486		103,486	
Profit and loss reserves		<u>8,638,289</u>		<u>8,086,212</u>	
<b>Total equity</b>			<u><u>11,337,652</u></u>		<u><u>9,924,125</u></u>

The financial statements were approved and signed by the director and authorised for issue on 7 July 2022

Mr H S Kandhari  
Director

Company Registration No. 00488961

# VACULUG LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		1,695,894	38,533	103,486	7,854,686	9,692,599
<b>Year ended 30 December 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	231,526	231,526
<b>Balance at 30 December 2020</b>		1,695,894	38,533	103,486	8,086,212	9,924,125
<b>Year ended 30 December 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	552,077	552,077
Issue of share capital	20	861,450	-	-	-	861,450
<b>Balance at 30 December 2021</b>		2,557,344	38,533	103,486	8,638,289	11,337,652

# VACULUG LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	1,979,048		1,857,978	
Interest paid		(50,563)		(57,626)	
R&D tax credit		78,294		216,230	
<b>Net cash inflow from operating activities</b>		<b>2,006,779</b>		<b>2,016,582</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,486,753)		(1,451,586)	
Proceeds on disposal of tangible fixed assets		242,214		-	
Proceeds on disposal of subsidiaries		-		4	
Interest received		288		96	
<b>Net cash used in investing activities</b>		<b>(3,244,251)</b>		<b>(1,451,486)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		861,450		-	
Proceeds from borrowings		1,940,808		1,642,413	
(Repayment of)/proceeds from bank loans		(52,083)		500,000	
Payment of finance leases obligations		(11,851)		(43,928)	
<b>Net cash generated from financing activities</b>		<b>2,738,324</b>		<b>2,098,485</b>	
<b>Net increase in cash and cash equivalents</b>		<b>1,500,852</b>		<b>2,663,581</b>	
Cash and cash equivalents at beginning of year		4,176,622		1,513,041	
<b>Cash and cash equivalents at end of year</b>		<b>5,677,474</b>		<b>4,176,622</b>	

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Vaculug Limited is a private company limited by shares incorporated in England and Wales. The registered office is Gonerby Road, Gonerby Hill Foot, Grantham, Lincolnshire, NG31 8HE.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

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

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Tyre sales are recognised upon delivery to the customer, or upon collection by customer. Income from 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.

#### **1.4 Tangible fixed assets**

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% on straight line basis
Plant and equipment	12.5% on straight line basis
Fixtures and fittings	10% on straight line basis
Computers	at varying rates on straight line basis
Motor vehicles	20% on straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.



# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Investment properties

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.

#### 1.6 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.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 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.

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.9 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.

##### **Basic 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.

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Sales of tyres	21,862,711	21,358,064

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

3 Turnover and other revenue		(Continued)	
	2021	2020	
	£	£	
<b>Turnover analysed by geographical market</b>			
UK	20,897,229	17,914,554	
Europe	840,001	3,397,040	
North America	124,115	46,470	
Africa	1,366	-	
	<u>21,862,711</u>	<u>21,358,064</u>	
	2021	2020	
	£	£	
<b>Other revenue</b>			
Interest income	17,288	24,096	
Grants received	520,818	583,614	
	<u>538,106</u>	<u>607,710</u>	
4 Exceptional item		2021	2020
		£	£
Actuarial gain/(loss) on retirement benefit pension scheme		127,000	(268,000)
		<u>127,000</u>	<u>(268,000)</u>
5 Operating profit		2021	2020
		£	£
Operating profit for the year is stated after charging/(crediting):			
Exchange (gains)/losses	(23,882)	65,589	
Government grants	(520,818)	(583,614)	
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	10,000	
Depreciation of owned tangible fixed assets	931,948	576,266	
Profit on disposal of tangible fixed assets	(89,134)	-	
Operating lease charges	124,656	170,042	
	<u>358,770</u>	<u>128,283</u>	

## VACULUG LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

#### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Directors and administration	12	11
Production and sales staff	127	118
Total	139	129

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	4,429,211	3,863,404
Social security costs	384,871	364,650
Pension costs	124,382	114,625
Total	4,938,464	4,342,679

#### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	288	96
Interest on the net defined benefit asset	17,000	24,000
Total income	17,288	24,096

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	288	96
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# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	43,517	53,033
Other interest on financial liabilities	5,909	-
	<u>49,426</u>	<u>53,033</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1,137	4,593
	<u>50,563</u>	<u>57,626</u>

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(78,294)	(216,230)
	<u></u>	<u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	36,005
	<u></u>	<u></u>
Total tax credit	<u>(78,294)</u>	<u>(180,225)</u>

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	<u>473,783</u>	<u>51,301</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	90,019	9,747
Tax effect of expenses that are not deductible in determining taxable profit	3,952	-
Unutilised tax losses carried forward	82,923	-
Permanent capital allowances in excess of depreciation	(134,220)	(9,747)
R&D tax credit	(78,294)	(216,230)
Gain on disposal of assets	(41,066)	36,005
Utilisation of tax losses	(1,608)	-
Taxation credit for the year	<u>(78,294)</u>	<u>(180,225)</u>



# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 10 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 31 December 2020	476,890	9,298,071	314,986	3,844,626	55,391	13,989,964
Additions	696	2,121,931	172,600	945,185	246,341	3,486,753
Disposals	-	(1,267,844)	-	-	(166,341)	(1,434,185)
At 30 December 2021	477,586	10,152,158	487,586	4,789,811	135,391	16,042,532
<b>Depreciation and impairment</b>						
At 31 December 2020	422,112	7,945,954	306,889	2,590,255	48,007	11,313,217
Depreciation charged in the year	24,768	484,789	7,822	393,581	20,988	931,948
Eliminated in respect of disposals	-	(1,267,844)	-	-	(13,261)	(1,281,105)
At 30 December 2021	446,880	7,162,899	314,711	2,983,836	55,734	10,964,060
<b>Carrying amount</b>						
At 30 December 2021	30,706	2,989,259	172,875	1,805,975	79,657	5,078,472
At 30 December 2020	54,778	1,352,117	8,097	1,254,371	7,384	2,676,747

### 11 Investment property

	<b>2021</b>
	£
<b>Fair value</b>	
At 31 December 2020 and 30 December 2021	300,000

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 director, the market value at the balance sheet date is not materially different to that stated in the financial statements.

### 12 Stocks

	<b>2021</b>	<b>2020</b>
	£	£
Raw materials and consumables	321,365	426,726
Work in progress	626,439	245,687
Finished goods and goods for resale	2,363,361	1,313,297
	<u>3,311,165</u>	<u>1,985,710</u>

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 13 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	8,627,863	7,128,716
Amounts owed by group undertakings	2,886,569	2,886,569
Other debtors	170,243	118,427
Prepayments and accrued income	2,944,702	4,432,767
	<u>14,629,377</u>	<u>14,566,479</u>

### 14 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	16	125,000	52,083
Obligations under finance leases	17	18,765	30,616
Other borrowings	16	-	1,642,413
Trade creditors		2,149,700	3,194,598
Amounts owed to group undertakings		40	40
Taxation and social security		529,450	879,285
Other creditors		6,531,854	3,909,453
Accruals and deferred income		5,067,884	4,151,023
		<u>14,422,693</u>	<u>13,859,511</u>

At the balance sheet date, included in other creditors, is an amount payable to Barclays Bank Plc for invoice discounting facility of £4,499,156 (2020: £3,174,836). This amount is secured by a fixed and a floating charge over the assets of the company. The bank loan relates to Coronavirus Business Interruption Loan. The loan is secured by a fixed and a floating charge over the assets of the company.

### 15 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	16	322,917	447,917
Other borrowings	16	3,583,221	-
		<u>3,906,138</u>	<u>447,917</u>

Bank loan relates to Coronavirus Business Interruption Loan. This amount is secured by a fixed and a floating charge over the assets of the company.

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 16 Loans and overdrafts

	2021 £	2020 £
Bank loans	447,917	500,000
Loans from related parties	3,583,221	1,642,413
	<u>4,031,138</u>	<u>2,142,413</u>
Payable within one year	125,000	1,694,496
Payable after one year	<u>3,906,138</u>	<u>447,917</u>

The bank loan relates to Coronavirus Business Interruption Loan of £447,917 (2020: £500,000). This amount is secured by a fixed and a floating charge over the assets of the company.

The loans from related parties are unsecured, interest free and repayable on demand.

### 17 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	<u>18,765</u>	<u>30,616</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Revaluations	<u>36,005</u>	<u>36,005</u>

There were no deferred tax movements in the year.

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 19 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	124,382	114,625

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 January 2022 by Goddard Perry Actuarial LLP, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions	2021	2020
	%	%
Discount rate	3.50%	3.00%
Expected rate of increase of pensions in payment	1.90%	1.90%
Expected rate of salary increases	2.90%	2.90%
Mortality assumptions	2021	2020
Assumed life expectations on retirement at age 65:	Years	Years
Amounts recognised in the profit and loss account	2021	2020
	£	£
Net interest on net defined benefit liability/(asset)	(17,000)	(24,000)
Amounts taken to other comprehensive income	2021	2020
	£	£
Actual return on scheme assets	(117,000)	(192,000)
Less: calculated interest element	218,000	226,000
Return on scheme assets excluding interest income	101,000	34,000
Actuarial changes related to obligations	(228,000)	234,000
Total costs/(income)	(127,000)	268,000

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 19 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2021 £	2020 £
Present value of defined benefit obligations	6,481,000	6,914,000
Fair value of plan assets	(7,187,000)	(7,476,000)
Surplus in scheme	(706,000)	(562,000)

	2021 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 31 December 2020	6,914,000
Benefits paid	(406,000)
Actuarial gains and losses	(228,000)
Interest cost	201,000
At 30 December 2021	6,481,000

	2021 £
<i>The defined benefit obligations arise from plans funded as follows:</i>	
Wholly unfunded obligations	-
Wholly or partly funded obligations	6,481,000
	6,481,000

	2021 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 31 December 2020	7,476,000
Interest income	218,000
Return on plan assets (excluding amounts included in net interest)	(101,000)
Benefits paid	(406,000)
At 30 December 2021	7,187,000

The actual return on plan assets was £117,000 (2020 - £192,000).

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 19 Retirement benefit schemes (Continued)

	2021 £	2020 £
<i>Fair value of plan assets at the reporting period end</i>		
Corporate bonds	7,043,000	7,327,000
Insured pensioners	144,000	149,000
	<u>7,187,000</u>	<u>7,476,000</u>

### 20 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	2,551,337	1,689,887	2,551,337	1,689,887
Ordinary 'A' shares of 35p each	17,162	17,162	6,007	6,007
	<u>2,568,499</u>	<u>1,707,049</u>	<u>2,557,344</u>	<u>1,695,894</u>

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	192,500	192,500
Between two and five years	256,667	449,167
	<u>449,167</u>	<u>641,667</u>

### 22 Related party transactions

#### Transactions with related parties

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 wholly owned subsidiary undertaking of the group.

At the balance sheet date, the balance due to the director Mr H S Kandhari was £574,100 (2020: £574,100). This balance is interest free, unsecured and repayable on demand.

The balance due to the director's wife Ms M K Kandhari was £300,000 (2020: £nil). This balance is interest free, unsecured and repayable on demand.

### 23 Ultimate controlling party

The ultimate controlling party is Ms M K Kandhari.

# VACULUG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2021

### 24 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	552,077	231,526
<b>Adjustments for:</b>		
Taxation credited	(78,294)	(180,225)
Finance costs	50,563	57,626
Investment income	(17,288)	(24,096)
Gain on disposal of tangible fixed assets	(89,134)	-
Depreciation and impairment of tangible fixed assets	931,948	576,266
Pension scheme non-cash movement	(127,000)	268,000
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(1,325,455)	1,683,082
Increase in debtors	(62,898)	(1,077,261)
Increase in creditors	2,144,529	323,060
<b>Cash generated from operations</b>	<b>1,979,048</b>	<b>1,857,978</b>

### 25 Analysis of changes in net funds

	31 December 2020 £	Cash flows £	30 December 2021 £
Cash at bank and in hand	4,176,622	1,500,852	5,677,474
Borrowings excluding overdrafts	(2,142,413)	(1,888,725)	(4,031,138)
Obligations under finance leases	(30,616)	11,851	(18,765)
	<b>2,003,593</b>	<b>(376,022)</b>	<b>1,627,571</b>

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.