

Bandvulc Tyres Limited

Annual report and financial statements

Registered number 1350593

Year ended 31 December 2020

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Company information

Directors	Mr D Smith Mr L Fricke Mr M Owen
Secretary	Mr M Owen
Auditor	KPMG LLP Regus, 4 th Floor Salt Quay House 6 North East Quay Plymouth PL4 0HP
Bankers	Royal Bank of Scotland Plc Bolton Customer Service Centre PO Box 2027 Parklands De Havilland Way Bolton BL6 4YU
Solicitors	Michelmores Woodwater House Pynes Hill Exeter EX2 5WR
Registered office	Gillard Way Lee Mill Industrial Estate Ivybridge Devon PL21 9LN
Registered number	1350593

Strategic report

The Directors present their Strategic Report for the year ended 31 December 2020, the Directors Report and the audited financial statements for the year ended 31 December 2020 follow.

Principal Activities and Business Review

The principal activity of the company during the year continued to be the manufacture of rubber products, in particular the recycling and re-treading of commercial truck tyres. The company also provides an integrated tyre management service and 24/7 breakdown service across the UK.

Being part of the Continental Group, the company is able not only to provide its customer with re-treaded tyres, but also new tyres, call centre facilities, tyre fitting services and its tyre casing and tyre management solutions. The Group is able to offer a cradle to grave tyre solution thereby applying the Continental Lifecycle policy but also enhancing the overall customer experience through its customer centric philosophy. The company continues to achieve lower operating costs for its customer through the Continental Lifecycle policy. It does this whilst at the same time reducing the impact on our environment. Clearly the corporate message "Bandvulc – more than a tyre" remains at the heart & core of our business here at Bandvulc.

Turnover for the twelve months ended December 2020 was £68.6M (2019 - £70.3M). During the year the company has been largely successful in retaining key contracted business, but unfortunately not all contracted business was renewed. The down turn of units sold due to COVID in the first half of the year has been reflected in the above fall in turnover.

The profit for the period, after taxation amounted to £3.3M (2019 £4.0M).

Continental continues to demonstrate its commitment to the UK with further investment in both factory and tyre management facilities here at Bandvulc. The UK facility remains of paramount importance to the Group. Such investment is a key component of the company's success and the enhancement of the customer experience from the wider group.

Technology and product advancement is also key to the group's core values. The company continues to drive down costs to our customers by providing a product that aims to produce a competitive pence per kilometre whilst minimising the impact on the environment through Continental Lifecycle policy.

Environmental matters

Bandvulc Tyres Ltd is primarily a tyre recycling manufacturer and as such environmental matters are at the heart of its core business. The company is also a member of the wider Continental AG Group which practices its responsibility for protecting the environment in its corporate ESH (Environment, security, safety & health) policy. The principles of environmental protection are used as a guideline and yardstick for all activities of the group which are of relevance to the environment.

Employees

It is our policy to consider all applicants for employment, including the opportunity of promotions, in light of their abilities, skills and medical status to ensure that they may perform their functions without risk to their health or that of others. An employee becoming disabled, where appropriate is offered retraining.

Financial Risk Management Objectives and Policies

Foreign exchange risk is minimised wherever possible by the company. The company trades in both sterling and euros and has a customer and supplier base trading in both currencies.

Credit risk is managed by spreading that risk over a large number of its customers. This has been successfully managed to avoid any single concentration of credit risk. This risk is further minimised with credit set-off agreements in place across accounts receivable & accounts payable where common entities exist across the UK immediate group of companies.

The company is also exposed to commodity price fluctuations in its acquisition price of natural rubber. Bandvulc utilises forward contracts to hedge such exposure but this is not entirely without risk.

Bandvulc is extremely vigilant to safeguard its working capital. The Directors are confident that the company and the wider group has the necessary resources available providing the means to re-invest in the business.

Strategic Report (continued)

Principal risks and uncertainties

The UK has now left the EU. The company will continue to review its business model to assess the implications of the exit from the EU. Whilst this may not directly affect the company as its trade is conducted within the UK, the impact is also being assessed as part of the wider Group.

Steps were taken within the Group to mitigate the risk within the UK and fellow subsidiaries. Additional tyre stocks were held by the Group companies as one such example, which ensured the supply of tyres was not adversely affected the supply chain and customer demands.

Bandvulc Tyres Limited remains resolute in providing the very best in quality of service to all of its customers. The company will continue to invest in technology, systems and training of its personnel. Investment in Bandvulc's manufacturing facility continues following acquisition and now enjoys access to the resources of wider Continental Group. All such innovation aims to enhance the overall customer experience provide by the company.

COVID-19 outbreak has had a tremendous effect on all economies across the world. The UK is not immune to the effects of the pandemic. The company continues to trade during this difficult period thanks largely to the hard work and dedication of its staff. Bandvulc continues to service those regional and national fleets that operate during the pandemic to ensure that the UK's supply chain continues to operate during these difficult times. Sales were affected during the initial UK lockdown which saw unit sales fall by 26% in quarter 2. The demand and resultant volumes in quarter 3 and quarter 4 saw a growth of 45% and 31% respectively. Growth in unit sales continues into 2021. The business continues to invest significantly in Group's core value by investing in its Lifecycle technology in the Ivybridge plant in 2021.

Being part of the wider Continental Group the directors are confident that the company will be well placed financially. A tremendous effort is being made by the Continental Group to ensure the company remains well placed, and is a sustainable business partner to all its customers.

Continued adherence to the Company's core values, such as its Lifecycle policy, its technological innovation and its Customer centric views builds long term customer relationships with common goals to ensure both product and quality of service remains of the highest priority and standard.

Section 172 Statement

How the board complied with its Section 172 duty

The Companies (Miscellaneous Reporting) Regulation 2018 (2018 MRR) requires Directors to explain how they considered the interests of key shareholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

The Board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement, which is First reported in 31 December 19 explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the company, and the level of information disclosed is consistent with the size and the complexity of the business.

Delegation of authority

The board believes governance of the company is best achieved by delegation of its authority for the executive management of Bandvulc Tyres Ltd to the Senior Management Team (SMT), subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

Which includes principles outlining:

- The conduct of board affairs and the tasks
- The board's focus on activities that enable it to promote shareholders' interests, including development of strategy, monitoring of executive action and ongoing board and executive management succession.

The framework is reviewed to ensure it is best suited to support the evolving strategy and Bandvulc's purpose, ambition and aims.

The current framework covers the following principal areas:

1. Company purpose:

Pursuing Bandvulc's purpose and accountability to its stakeholder and shareholders for the company's actions. This means focusing primarily on strategic issues, while having regard to economic, political and social issues and other relevant external matters which may influence or affect the development of company's business and its expectations for the conduct of the company's business and its employees.

2. Strategy:

responsibility for establishing and reviewing the long-term strategy and the annual plan (the plan) for Tyre Maintenance, based on proposals made by the SMT for achieving company's purpose.

3. Monitoring decisions and actions of the SMT and the performance of Tyre Maintenance:

including implementation of, and performance against, the strategy and the plan; and the exercise of authority delegated to the SMT. The board satisfies itself that emerging and principal risks to the company are identified and understood, systems of risk management, compliance and controls are in place to mitigate such risks and expected conduct of Bandvulc's business and its employees is reflected in a set of values established by the SMT.

4. Succession:

ensuring systems and processes are in place for succession, evaluation and compensation of the SMT and other members of the organisation. Those delegated to by the directors to take decisions have access to functional assurance support to identify matters which may have an impact on a proposed decision.

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the industry megatrends. Therefore to support the business in meeting its strategic ambitions the Board along with the SMT regularly review its strategy to ensure it is harmonised with the wider Corporate Strategy whilst also meeting the short-term business demands. The objective is to always achieve sustainable value creation within our operations.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that Bandvulc employees are fundamental and core to our business and delivery of our strategic ambitions. All employees share four fundamental Corporate Values and framework. They form the roots of our corporate culture: Trust, Passion To Win, Freedom To Act and For One Another. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

For our strategy to continue to be delivered we are clear we need the support of suppliers, customers as other external stakeholders. Likewise, with our products and services we create value not only for ourselves but our business partners, employees and society in general. To ensure consistency within the Corporation worldwide to reinforce this the Business Partner Code of Conduct conveys the important of standards which are consistent with our values that we expect business partners to adhere to.

S172(1) (D) "The impact of the company's operations on the community and the environment"

This aspect is intrinsic with the business strategy. As such, the board receives relevant data to make decisions (e.g. investments or divestments proposals and business strategy reviews) and to provide ongoing overviews at the board level. Corporately one such initiative is the Taraxagum Project which seeks to supply an alternate source to natural rubber from dandelion plants. Locally in the UK with the addition of Bandvulc Group to the Continental family the business now has a local retread solution to meet the local requirements. Every retreaded tyre produced in the plant in Iybridge saves the environment 68 litres of oil. Wider information can be found with the Corporate Social Responsibility (CSR) publication.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

Our spirit and ethics (e.g. integrity, honesty and compliance with the law) are documented in the Corporations Code of Conduct which was revised in 2019 which are fully adhered to locally. The Board reviews Code of Conduct as well as addition Modern Slavery Statements, to ensure that its high standards are maintained both within the business and the business relationships maintained.

S172(1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the Directors consider course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as

between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Strategic Report *(continued)*

By order of the board

A handwritten signature in black ink, appearing to be 'M. Owen'.

Mr M Owen
Company Secretary

Gillard Way
Lee Mill Industrial Estate
Ivybridge
Devon
PL219LN

25th October 2021

Directors' report

The Directors present their directors' report and the audited financial statements for the year ended 31st December 2020.

Principal Activities

The principal activity of the company during the year remained the manufacture of rubber products, in particular the recycling and retreading of truck tyres. The company also offers an integrated tyre management and 24/7 breakdown service solution for larger logistic and customer owned transport fleets. It does this by managing its own call centre based here in the UK.

Dividends

The Directors recommended a payment of a dividend of £5m (2019 - £Nil).

The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Details of the impact of COVID-19 on the business is disclosed in the Strategic Report and Note 1 to these financial statements.

Directors and Directors' Interests

The following directors who held office during the year and up to the date of approval of these financial statements were as follows;

Mr D Smith
Mr L Fricke
Mr M Owen (Appointed 30 September 2020)
Mr A Gregg (Resigned 30 September 2020)

Political Donations

During the year the company made no political donations (2019 - £Nil).

Streamlined Energy and Carbon Reporting

This is the first year of reporting under the requirements of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Future reports will compare performance against the previous year.

Methodology

Greenhouse gas emissions are reported in gross tonnes CO₂e in line with the requirements of large unquoted companies as set out in the UK Government's Environmental Reporting Guidelines and have used the UK Government GHG (Green House Gas) Conversion Factors for Company Reporting (2020 version 1.0) to convert from kWh to CO₂ equivalent emissions. Emissions from electricity report grid purchased electricity (scope 2) including associated transmission and distribution losses.

Energy efficiency

As a large enterprise under the requirements of the The Energy Savings Opportunity Scheme Regulations 2014 (ESOS) Bandvulc Group were obligated to examine the Energy Efficiency Improvement Opportunities available to them. The ESOS report highlighted the fact that many of the usual improvements available to similar businesses were not relevant to The Bandvulc Group as the Organisation uses leased accommodation and the capital costs of major building improvements could not be justified. However, the ESOS report recommended 'Workforce Engagement' and a move towards a 'Thin Client' computer system. The latter has not been possible with the COVID situation, but as a result of the need to close the office so that staff have been working from home there has been a significant reduction in commuting and the use of office heating, lighting and office computer use which has resulted in a lower Carbon Impact.

Bandvulc Group have utilised PV Panels to generate electricity throughout many of the Company's sites. Over the financial year covered by this report this amounted to 96,411 kWh which is equivalent to 27.78 Tonnes of CO₂(e). Continental AG, Bandvulc's parent company based in Germany have elected to offset the Bandvulc Group's carbon impact by purchasing 100% of its electrical energy from renewable sources which is equivalent to 1,073.5 Tonnes of CO₂(e).

Directors Report (continued)

Greenhouse Gas Emissions		
Scope 1 in metric tonnes CO2e	% Activity	2020 (Baseline year)
Gas combustion	42.82%	1,553
Fugitive emissions	0.40%	14
Fuel used in owned Transport	56.78%	2,060
Total Scope 1 CO2e		3,627
Scope 1 in metric tonnes CO2e	% Activity	2020 (Baseline year)
Electricity consumption	100%	846
Total Scope 2 CO2e		846
Scope 3 in metric tonnes CO2e	% Activity	2020 (Baseline year)
Electricity -Transmission & distribution losses	1.38%	117
Electricity - Well to tank emissions from generation	0.86%	73
Electricity - Well to tank emissions from transmission	0.12%	10
Gas - Well to tank emissions from extraction	2.39%	202
Waste - Generated in Operations	0.05%	4
Goods & Services - Purchased from operational purposes	83.98%	7,090
Business Travel - well to tank emissions from fuel consumed in company vehicles	5.85%	494
Water - Mains water Consumed	0.02%	2
Sewage /Effluent Treatment	0.04%	3
Staff Commuting	5.31%	449
Total Scope 2 CO2e		8,444
Total Greenhouse Emissions - Summary Scopes 1,2 & 3		12,916
Reduction for renewable energy generated and carbon offsetting		-1,074
Net Total Greenhouse Emissions		11,842

Directors Report (continued)

Disclosure of information to the auditor

The Directors who held office at the date of approval of the Directors report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Mr M Owen
Company Secretary

Gillard Way
Lee Mill Industrial Estate
Ivybridge
Devon
PL219LN

25th October 2021

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth, PL4 0HP
United Kingdom

Independent auditor's report to the members of Bandvulc Tyres Limited

Opinion

We have audited the financial statements of Bandvulc Tyres Limited ("the company") for the year ended 31 December 2020 which comprise the profit and loss account and Other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Andrew Gordon

Andrew Gordon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 Regus, 4th Floor
 Salt Quay House

26 October 2021

Profit and loss account
for the year ending 31 December 2020

	<i>Note</i>	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Turnover	2	68,615,608	70,307,271
Cost of sales		(56,097,981)	(55,103,734)
Gross profit		<u>12,517,627</u>	<u>15,203,537</u>
Distribution costs		(3,816,319)	(4,314,268)
Administrative expenses		(5,042,905)	(5,611,713)
Other operating income	4	596,568	-
Operating profit	3	4,254,971	5,277,556
Interest receivable		59,193	71,614
Interest payable		(14,339)	(12,621)
Profit before taxation		<u>4,299,825</u>	<u>5,336,549</u>
Tax on profit	7	(917,666)	(1,320,341)
Profit for the financial year		<u><u>3,382,159</u></u>	<u><u>4,016,208</u></u>

The above results relate to continuing activities.

Other comprehensive income
for the year ended 31 December 2020

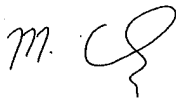
The company had no items of Other Comprehensive Income in either the current or preceeding periods.

The notes on pages 18 to 30 form an integral part of these financial statements.

Balance sheet
at 31 December 2020

	<i>Note</i>	2020 £	2019 £
Fixed assets			
Tangible assets	8	7,962,246	8,531,750
Right of use asset	14	1,266,318	1,255,650
		<u>9,228,564</u>	<u>9,787,400</u>
Current assets			
Stocks	9	2,265,227	3,406,188
Debtors	10	30,678,421	27,018,358
Cash at bank and in hand		514,125	1,437,667
		<u>33,457,773</u>	<u>31,862,213</u>
Creditors: Amounts falling due within one year	11	<u>(15,779,545)</u>	<u>(13,223,141)</u>
Net current assets		<u>17,678,228</u>	<u>18,639,072</u>
Total assets less current liabilities		<u>26,906,792</u>	<u>28,426,472</u>
Non Current Liabilities			
Deferred taxation	12	(823,590)	(861,827)
Other provisions	13	(933,268)	(736,921)
Lease liabilities	14	(832,204)	(892,153)
		<u>Net assets</u>	<u>25,935,571</u>
Capital and reserves			
Called up equity share capital	16	100	100
Revaluation reserve		3,979,281	3,979,281
Profit and loss account		20,338,349	21,956,190
		<u>Shareholders' funds</u>	<u>25,935,571</u>

These financial statements were approved by the board of directors on 25th October 2021 and were signed on its behalf by:



Mr M Owen
Director

Company registered number: 1350593

The Accompanying notes on pages 18 to 30 form part of these financial statements.

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Revaluation Reserve £000	Total equity £000
Balance at 1 January 2019	100	17,939,982	3,979,281	21,919,363
<i>Total comprehensive income for the period:</i>				
Profit or loss	-	4,016,208	-	4,016,208
Balance at 31 December 2019	100	21,956,190	3,979,281	25,935,571
	Called up share capital £000	Profit and loss account £000	Revaluation Reserve £000	Total equity £000
Balance at 1 January 2020	100	21,956,190	3,979,281	25,935,571
<i>Total comprehensive income for the year:</i>				
Profit or loss	-	3,382,159	-	3,382,159
<i>Total contributions by and distributions to shareholders:</i>				
Dividends	-	(5,000,000)	-	(5,000,000)
Balance at 31 December 2020	100	20,338,349	3,979,281	24,317,730

The Accompanying notes on pages 18 to 30 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Bandvulc Tyres Limited (the “company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements requirements of International accounting standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Related party transactions entered into between two or more wholly owned members of the group.

The Company’s ultimate parent undertaking, Continental AG, includes the Company in its consolidated financial statements. The consolidated financial statements of Continental AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Continental AG, Vahrenwalder Strasse 9, 30001 Hannover, Germany.

The consolidated financial statements of Continental AG include the disclosures required by IAS 36 *Impairment of assets* and IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurements*, both relating to financial instruments. As a consequence, the Company has also taken the exemptions under FRS 101 not to include the equivalent disclosures in respect of the financial instruments apart from those which are relevant for financial instruments held at fair value and are not either held as part of a trading portfolio or derivatives.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of value added tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Notes (continued)

1 Accounting policies (continued)

Going concern

The Company manufactures and sells rubber products, in particular the re-treading of commercial truck tyres. It also provides a 24/7 breakdown service and integrated tyre management service. During the pandemic, the business continued to operate and deliver on all contracts with customers and continues to meet customer demands. Further information about the Company's performance and prospects is included in the strategic report on pages 4 to 7.

The company is a member of the UK cash pooling facility managed by Continental UK Group Holdings Limited whereby the cash balance of the Company is swept into an intercompany bank account on a daily basis. To the extent that working capital requirements arise these are met through access to the cash pooling facility. As at 31st December 2020, the company is in a net receivable position from that facility.

The Directors have prepared base and sensitised forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period..

In preparing the forecasts the Directors have considered the following:

- The company has taken into account how best to mitigate any future or ongoing impact of COVID-19 or any other virus as part of our general business continuity planning. Specifically regarding COVID-19, measures have been taken to ensure where possible a COVID-19 safe environment is provided to staff, and key part has been enhancing flexibility in the ways the Company works. This was already a direction the Company was on pre COVID-19 which now justifies the approach and planning was in the right direction. With regards to financial implications of additional COVID-19 outbreak the Management have used multiple going concern scenarios for 2021. Management have also considered possible mitigating actions in terms of cost reduction / spend deferral which could be deployed if demand levels fell significantly. The severe but plausible downside scenario considered assumes no new contract wins or renewals and that the impact of COVID-19 and business performance experienced during 2020 is replicated throughout 2021. In this scenario, the Company remains profitable and will continue to have sufficient liquidity through the cash pooling facility to manage working capital and will be able to meet its liabilities as they fall due.
- The Company, along with other group entities, has access to an overdraft facility via its immediate holding company of £5m in addition to the cash pool facility. However, in both scenarios, the base and severe downside, it is not anticipated that the company would need to draw on this facility.
- The worst case scenario is the actual result for 2020, which included two waves of lockdown. 2021 has seen the introduction of vaccines with an impressive rollout in the UK.
- If there was to be a third wave in 2021, it is still unlikely to have the same impact as was seen in the first wave experienced in March to June of 2020.
- Therefore, management are very confident, like was seen in 2020, the business is stable and strong enough to comfortably cope with a third wave should it arise in the UK.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and Buildings	-	4% straight line
Plant & Machinery	-	3-20 years straight line
Motor Vehicles	-	4-5 years straight line
Fixtures & Fittings		4-7 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Notes (continued)

1 Accounting policies (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Dividends

Equity dividends unpaid at the balance sheet date are only recognised as a liability at that date due to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Government Grants

Furlough is recognised in the profit and loss and presented under the heading "Other Operating Income". Furlough is recognised when claimed, all claims have had a internal post audit and any overpayment has been repaid in the period.

2 Turnover

An analysis of turnover is given below:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
United Kingdom	67,093,044	68,440,106
Overseas	1,522,564	1,867,165
	<u>68,615,608</u>	<u>70,307,271</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Depreciation of owned fixed assets	1,398,919	1,381,628
Depreciation of Leased Fixed assets	408,471	304,046
(Profit)/Loss on disposal of fixed assets	(19,336)	106,796
<i>Auditor's remuneration:</i>		
Audit fees	<u>39,385</u>	<u>42,575</u>

Notes (continued)

4 Other Operating Income

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Government Grants – “Furlough”	596,568	-

5 Particulars of employees

The average number of staff employed by the company during the financial year was as follows:

	Year ended 31 December 2020 No	Year ended 31 December 2019 No
Production staff	138	155
Distribution staff	57	69
Administrative staff	120	124
Sales staff	9	13
	<u>324</u>	<u>361</u>

The aggregate payroll costs of the above were:

	£	£
Wages and salaries	8,190,083	9,005,154
Social security costs	757,060	870,824
Other pension costs	361,639	369,849
	<u>9,308,782</u>	<u>10,245,827</u>

6 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Remuneration receivable	-	-
Value of company pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>

During the current year the Directors were remunerated by a fellow subsidiary company. The amount estimated to relate to their services to this company is £145,894 (2019:£274,600).

Notes (continued)

7 Taxation

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<i>Recognised in the profit and loss account</i>		
UK corporation tax	983,631	1,178,994
Adjustment in respect of prior periods	-	(14,491)
Total current tax	983,631	1,164,503
<i>Deferred tax</i>		
Current year	(164,954)	(163,083)
Adjustments in respect of prior periods	-	301,755
Effect of Changes in tax period	98,989	17,166
Total deferred tax	(65,965)	155,838
Tax charge for the year	917,666	1,320,341
<i>Reconciliation of effective tax rate</i>		
	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Profit for the financial year		
Tax charge	3,382,159	4,016,208
	917,666	1,320,341
Profit for period – continuing activities	4,299,825	5,336,549
Tax on Profit at Standard tax rate 19% (2019 19%)	816,967	1,013,944
Income/Expenses not deductible for tax purposes	1,719	1,967
Adjustments in respect of prior periods	-	287,264
Tax rate changes	98,989	17,166
Income not taxable	(9)	-
Total tax	917,666	1,320,341

The corporation tax rate applicable to the company for 2020 was 19.00% (2019: 19.00%).

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax liability as at 31 December 2020 was calculated at 19% (2019: 17%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and have a increase in the deferred tax liability of £46,527.

Notes (continued)

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures & Fittings £	Land and Buildings £	Total £
<i>Cost</i>					
At 1 January 2020	15,223,991	3,224,312	924,214	2,170,241	21,542,758
Additions	579,984	719,366	67,631	-	1,366,981
Disposals	(64,330)	(450,535)	(113,392)	-	(628,257)
At 31 December 2020	15,739,645	3,493,143	878,453	2,170,241	22,281,482
<i>Depreciation</i>					
At 1 January 2020	9,595,242	1,472,223	455,653	232,240	11,755,358
Charge for year	986,748	619,389	134,895	66,359	1,807,391
On disposals	(62,406)	(447,425)	-	-	(509,831)
At 31 December 2020	10,519,584	1,644,187	590,548	298,599	13,052,918
<i>Net book value</i>					
At 31 December 2020	5,220,061	1,848,956	287,905	1,871,642	9,228,564
At 31 December 2019	5,628,749	1,752,089	468,561	1,938,001	9,787,400

9 Stocks

	2020 £	2019 £
Raw materials	1,040,910	1,309,524
Work in progress	51,061	56,033
Finished goods	1,173,256	2,040,631
	2,265,227	3,406,188

Finished goods recognised as cost of sales in the period amounted to £18,202,248 (2019: £18,743,138). The write-down of stocks to net realisable value amounted to £18,960 (2019: £nil).

Notes (continued)

10 Debtors

	2020 £	2019 £
Trade debtors	12,291,063	11,917,670
Amounts owed by group undertakings	13,803,079	10,362,718
Other debtors	82,213	50,029
Prepayments and accrued income	4,338,246	4,551,849
Corporation Tax	115,680	115,680
Deferred tax assets (see note 12)	48,140	20,412
	<u>30,678,421</u>	<u>27,018,358</u>

Amounts owed by group undertakings are non-interest bearing and payable on demand.

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	9,006,602	8,245,462
Amounts owed to group undertakings	512,309	772,132
Other creditors	8,089	194,391
Other taxation including social security	1,818,444	450,208
Accruals and deferred income	3,993,867	3,193,714
Right of use liability	440,234	367,234
	<u>15,779,545</u>	<u>13,223,141</u>

Included within accruals and deferred income is £246,685 (2019: £108,488) in respect of pension contributions due.

Amounts due to group undertakings stated above are legally due on demand and are thus payable within one year although it is not expected that the demand would be made or that these amounts will be paid within the next year.

12 Deferred taxation

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £
Tangible fixed assets	-	-	823,590	861,827	823,590	861,827
Other	(48,140)	(20,412)	-	-	(48,140)	(20,412)
	<u>(48,140)</u>	<u>(20,412)</u>	<u>823,590</u>	<u>861,827</u>	<u>775,450</u>	<u>841,415</u>
Tax (assets) / liabilities	(48,140)	(20,412)	823,590	861,827	775,450	841,415
Net of tax liabilities/(assets)	48,140	20,412	(48,140)	(20,412)	-	-
	<u>-</u>	<u>-</u>	<u>775,450</u>	<u>841,415</u>	<u>775,450</u>	<u>841,415</u>

Notes (continued)

Movement in deferred tax during the year

	1 January 2020 £	Recognised in income £	Recognised in equity £	31 December 2020 £
Tangible fixed assets	861,827	(38,237)	-	823,590
Other	(20,412)	(27,728)	-	(48,140)
	<u>841,415</u>	<u>(65,965)</u>	<u>-</u>	<u>775,450</u>

Movement in deferred tax during the prior year

	1 January 2019 £	Recognised in income £	Recognised in equity £	31 December 2019 £
Tangible fixed assets	695,313	166,514	-	861,827
Other	(9,736)	(10,676)	-	(20,412)
	<u>685,577</u>	<u>155,838</u>	<u>-</u>	<u>841,415</u>

13 Other provisions

	Onerous contracts 2020 £
<i>Provision for onerous contracts</i>	
Balance brought forward	736,921
Created	1,674,426
Released	-
Utilised	(1,478,079)
	<u>933,268</u>
Balance Carried Forward	<u>933,268</u>

Notes (continued)

14 Operating Leases

Right of Use Assets	Fixtures and fittings £	Motor vehicles £	Total £
Balance as at 1 January 2019	89,070	601,969	691,039
Additions to Right of Use Assets	-	868,657	868,657
Depreciation charge for the year	(21,377)	(282,669)	(304,046)
At 31 December 2019	67,693	1,187,957	1,255,650

Right of Use Assets	Fixtures and fittings £	Motor vehicles £	Total £
Balance as at 1 January 2020	67,693	1,187,957	1,255,650
Additions to Right of Use Assets	-	454,746	454,746
Depreciation charge for the year	(21,377)	(387,094)	(408,471)
Derecognition of right-of-use assets	-	(35,607)	(35,607)
At 31 December 2020	46,316	1,220,002	1,266,318

Amounts recognised in profit and loss

The following amounts have been recognised in profit or loss for which Company is a lessee.

	2020 £	2019 £
Interest Expense on Lease Liabilities	14,159	12,621
Expenses relating to short-term Leases	92,347	66,308
	106,506	78,929

The following table sets out the maturity analysis of lease payments to be paid, showing the undiscounted lease payments to be paid after the reporting date:

	2020 £	2019 £
Less than one year	439,674	425,870
Between one and two years	359,765	364,315
Between two and three years	293,832	271,696
Between three and four years	159,328	199,805
Between four and five years	54,881	67,391
More than five years	-	-
	1,307,480	1,329,077

Notes (continued)

15 Related party transactions

The company is a wholly owned subsidiary of Continental AG and has taken advantage of the exemption in FRS 101 from disclosing transactions with members of the group.

16 Share capital

Allotted, called up and fully paid:

	2020		2019	
	No	£	No	£
100 ordinary shares of £1 each	100	100	100	100

17 Ultimate parent company

The Company is a wholly owned subsidiary undertaking of Continental UK Group Holdings Limited the ultimate parent company is Continental AG, a company incorporated in Germany.

The consolidated accounts of Continental AG are available to the public and may be obtained from:

Continental AG
Vahrenwalder Strasse 9
30001 Hannover
Germany

18 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Onerous contract provision

The Company provides for onerous contracts where the outcome is expected to be loss making. An assessment is made by the company based on performance to date and forecasted costs to complete against agreed billings.