

TANVIC GROUP HOLDINGS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTOR AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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TANVIC GROUP HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTOR: S D McCracken

SECRETARY: S D McCracken

REGISTERED OFFICE: Granary Lodge
96 Appleton Gate
Newark
Nottinghamshire
NG24 1LS

REGISTERED NUMBER: 10328922 (England and Wales)

SENIOR STATUTORY AUDITOR: Timothy Godson FCA

AUDITORS: Duncan & Toplis Limited, Statutory Auditor
4 Henley Way
Doddington Road
Lincoln
Lincolnshire
LN6 3QR

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The director presents his strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

The performance of the company is detailed within the attached financial statements.

The Board are satisfied with trading results achieved during a challenging year of Brexit driven instability and volatile pricing. Turnover and Gross Profit were largely unchanged. Net profit was down 10% due to costs associated with a large share buy-back and the continued Retail refurbishment program, much of which was expensed.

KEY PERFORMANCE INDICATORS

The Directors use KPI's throughout the business to monitor performance.

FINANCIAL INSTRUMENTS

The Group's principal financial instrument comprises of cash from operating profit and bank facilities which alongside trade debtors and creditors provide the required finance for normal trading operations and capital investment. The key risks arising from the Group's financial instruments are that of liquidity and the Group manages these appropriately.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group prudently manages, comprehensively insures and hedges where considered appropriate against a multitude of credit, currency, property, stock, vehicular, employment, trading and other operational risks within the business. As a result, none are considered to be materially significant against the comfort of the Group's overall profitability and net asset value.

Future Developments

The Group remain confident in their ability to continue to grow the business and deliver strong returns.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

SECTION 172(1) STATEMENT

The Board ensures that decisions are always taken for the long term, and collectively and individually aims to uphold the highest standards of conduct. Similarly, it acknowledges that the Group's employees and customers are their most important assets, and the business can only grow and prosper over the long term if it understands, respect and responds to their views and needs as well as those of other stakeholders within the environment we operate.

Our Directors work closely with their team of Managers in the day to day running of the business and the Group routinely engages with its staff as appropriate and where relevant. All are aware of their expectations and benefit from numerous bonus incentives throughout the year. The Group actively encourages career progression throughout the organisation and our Training Manager provides all employees with appropriate and relevant training and development support to meet their needs. The Group employs several disabled persons, including within managerial positions. It gives full consideration to disabled applications where the requirements of the job can be properly fulfilled and supports them as necessary.

Our shareholders ensure the Group is well resourced, suppliers are always paid promptly to terms and stock are maintained at such a level as to ensure availability beyond industry standard. Pricing is reviewed against the market on a continuous basis with the objective of delivering value for money for our customers against our product availability and overall service levels.

The Group always maintains regard for the environment in which it operates. It continually invests in environmental projects to reduce its energy consumption and has always exceeded its requirements under ESOS carbon assessment obligations.

ON BEHALF OF THE BOARD:

S D McCracken - Director

6 December 2020

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2019**

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

Operating within the East Midlands, East Anglia and South Yorkshire, the company's principal activities are organised into 3 divisions across a total of 23 branches. The Retail Division provide tyre fitment and garage services from 9 centres, several having been established for over 40 years. The Commercial Division provide truck and agricultural tyre service from 10 depots and the Wholesale Division provide a comprehensive wholesale car tyre distribution service from 4 strategically located centres.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTOR

S D McCracken held office during the whole of the period from 1 January 2019 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2019**

AUDITORS

The auditors, Duncan & Toplis Limited, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S D McCracken - Director

6 December 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TANVIC GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Tanvic Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TANVIC GROUP HOLDINGS LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Timothy Godson FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
4 Henley Way
Doddington Road
Lincoln
Lincolnshire
LN6 3QR

8 December 2020

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
TURNOVER			58,488,068		58,920,972
Cost of sales			<u>43,024,248</u>		<u>43,504,868</u>
GROSS PROFIT			15,463,820		15,416,104
Administrative expenses			<u>11,368,620</u>		<u>10,941,310</u>
			4,095,200		4,474,794
Other operating income			39,603		37,603
Gain/loss on revaluation of tangible assets			-		(3,554)
OPERATING PROFIT	5		<u>4,134,803</u>		<u>4,508,843</u>
Interest receivable and similar income		25,990		22,828	
Other finance income	21	<u>55,000</u>		<u>58,000</u>	
			80,990		80,828
			4,215,793		4,589,671
Interest payable and similar expenses	6		<u>143,336</u>		<u>33,450</u>
PROFIT BEFORE TAXATION			4,072,457		4,556,221
Tax on profit	7		<u>726,109</u>		<u>818,021</u>
PROFIT FOR THE FINANCIAL YEAR			<u>3,346,348</u>		<u>3,738,200</u>
Profit attributable to:					
Owners of the parent			<u>3,346,348</u>		<u>3,738,200</u>

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 as restated £
PROFIT FOR THE YEAR		3,346,348	3,738,200
OTHER COMPREHENSIVE INCOME			
Actuarial profit/(loss) on pension scheme		118,888	(112,772)
Purchase of own shares		(22,000,000)	-
Cancellation of share capital		114,687	-
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(21,766,425)</u>	<u>(112,772)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(18,420,077)</u>	<u>3,625,428</u>
Total comprehensive income attributable to: Owners of the parent		<u>(18,420,077)</u>	<u>3,625,428</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		19,197
Tangible assets	11		14,745,995		14,693,929
Investments	12		<u>10,711</u>		<u>10,711</u>
			14,756,706		14,723,837
CURRENT ASSETS					
Stocks	13	8,073,102		9,659,520	
Debtors	14	7,933,139		9,145,244	
Cash at bank and in hand		<u>415,752</u>		<u>10,793,993</u>	
		16,421,993		29,598,757	
CREDITORS					
Amounts falling due within one year	15	<u>13,717,918</u>		<u>8,230,669</u>	
NET CURRENT ASSETS			<u>2,704,075</u>		<u>21,368,088</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			17,460,781		36,091,925
PROVISIONS FOR LIABILITIES	18		(152,508)		(113,000)
PENSION ASSET	21		<u>169,064</u>		<u>33,176</u>
NET ASSETS			<u>17,477,337</u>		<u>36,012,101</u>
CAPITAL AND RESERVES					
Called up share capital	19		103,764		218,451
Capital redemption reserve	20		114,687		-
Other reserves	20		27,664,199		27,664,199
Retained earnings	20		<u>(10,405,313)</u>		<u>8,129,451</u>
SHAREHOLDERS' FUNDS			<u>17,477,337</u>		<u>36,012,101</u>

The financial statements were approved and authorised for issue by the director and authorised for issue on 6 December 2020 and were signed by:

S D McCracken - Director

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		12,945,019		12,865,019
Investments	12		163,838		163,838
			<u>13,108,857</u>		<u>13,028,857</u>
CURRENT ASSETS					
Debtors	14	175,674		816,285	
Cash at bank		<u>4,374</u>		<u>8,627,827</u>	
		180,048		9,444,112	
CREDITORS					
Amounts falling due within one year	15	<u>5,435,223</u>		<u>95,729</u>	
NET CURRENT (LIABILITIES)/ASSETS			(5,255,175)		9,348,383
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,853,682</u>		<u>22,377,240</u>
CAPITAL AND RESERVES					
Called up share capital	19		103,764		218,451
Capital redemption reserve			114,687		-
Retained earnings			<u>7,635,231</u>		<u>22,158,789</u>
SHAREHOLDERS' FUNDS			<u>7,853,682</u>		<u>22,377,240</u>
Company's profit for the financial year			<u>7,476,442</u>		<u>1,559,331</u>

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

The financial statements were approved and authorised for issue by the director and authorised for issue on 6 December 2020 and were signed by:

S D McCracken - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2018	218,451	4,504,023	-	27,664,199	32,386,673
Changes in equity					
Total comprehensive income	-	3,625,428	-	-	3,625,428
Balance at 31 December 2018	218,451	8,129,451	-	27,664,199	36,012,101
Changes in equity					
Issue of share capital	(114,687)	-	-	-	(114,687)
Total comprehensive income	-	(18,534,764)	114,687	-	(18,420,077)
Balance at 31 December 2019	103,764	(10,405,313)	114,687	27,664,199	17,477,337

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2018	218,451	20,599,458	-	20,817,909
Changes in equity				
Total comprehensive income	-	1,559,331	-	1,559,331
Balance at 31 December 2018	<u>218,451</u>	<u>22,158,789</u>	<u>-</u>	<u>22,377,240</u>
Changes in equity				
Issue of share capital	(114,687)	-	-	(114,687)
Total comprehensive income	-	(14,523,558)	114,687	(14,408,871)
Balance at 31 December 2019	<u>103,764</u>	<u>7,635,231</u>	<u>114,687</u>	<u>7,853,682</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		£	as restated £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	8,083,357	5,510,518
Interest paid		(105,336)	(3,450)
Tax paid		(784,814)	(851,001)
Net cash from operating activities		<u>7,193,207</u>	<u>4,656,067</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(807,255)	(685,403)
Sale of tangible fixed assets		139,817	778,874
Sale of fixed asset investments		-	50
Interest received		25,990	22,828
Net cash from investing activities		<u>(641,448)</u>	<u>116,349</u>
Cash flows from financing activities			
New loans in year		10,000,000	-
Loan repayments in year		(5,250,000)	-
Amount introduced by directors		320,000	-
Share buyback		(22,000,000)	-
Net cash from financing activities		<u>(16,930,000)</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>(10,378,241)</u>	<u>4,772,416</u>
Cash and cash equivalents at beginning of year	2	10,793,993	6,021,577
Cash and cash equivalents at end of year	2	<u>415,752</u>	<u>10,793,993</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	2019	2018 as restated
	£	£
Profit before taxation	4,072,457	4,556,221
Depreciation charges	630,044	615,693
Loss on disposal of fixed assets	4,467	33,444
Loss on revaluation of fixed assets	-	1,082
Finance costs	143,336	33,450
Finance income	(80,990)	(80,828)
	<u>4,769,314</u>	<u>5,159,062</u>
Decrease/(increase) in stocks	1,586,418	(831,192)
Decrease in trade and other debtors	1,213,020	3,727,063
Increase/(decrease) in trade and other creditors	<u>514,605</u>	<u>(2,544,415)</u>
Cash generated from operations	<u>8,083,357</u>	<u>5,510,518</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>415,752</u>	<u>10,793,993</u>

Year ended 31 December 2018

	31.12.18 as restated	1.1.18
	£	£
Cash and cash equivalents	<u>10,793,993</u>	<u>6,021,577</u>

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank and in hand	10,793,993	(10,378,241)	415,752
	<u>10,793,993</u>	<u>(10,378,241)</u>	<u>415,752</u>
Debt			
Debts falling due within 1 year	-	(4,750,000)	(4,750,000)
	<u>-</u>	<u>(4,750,000)</u>	<u>(4,750,000)</u>
Total	<u>10,793,993</u>	<u>(15,128,241)</u>	<u>(4,334,248)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of the business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operation are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Turnover

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

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2013, is being amortised evenly over its estimated useful life of five years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

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 provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- not provided
Short leasehold	- 20% on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- at varying rates on cost
Motor vehicles	- 25% on reducing balance

The group operates a policy of not depreciating their freehold land and buildings. The group incurs expenses each year and ensures that they keep all freehold well maintained. They adopt a revaluation policy where revaluations occur with sufficient regularity to ensure that the carrying amount reflects the current market value.

Revaluation surpluses are recognised in other comprehensive income and accumulated in equity. However, the increase is recognised in profit and loss. The decrease of an asset's carrying amount on revaluation is recognised in other comprehensive income up to the amount of the previously recognised revaluation surplus accumulated in equity, in respect of that asset. Any excess deficits are charged to the income statement.

Stocks

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

At each statement of financial position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the income statement.

Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

Foreign currencies

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The Group operates a defined benefit pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund. A liability for the company's obligations under the plan is recognised net of plan assets. The net change in the net defined pension liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The estimated and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Stock provisioning

The Group has products which are subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of the stock and the associated provisioning required. When calculating the stock provision, management considers the nature, age and condition of the stock, as well as applying assumptions around the saleability/useability of the stock.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical conditions of the assets. See note 10 for the carrying amount of the property, plant and equipments and note 2 for the useful economic lives for each class of assets.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of trade debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

4. EMPLOYEES AND DIRECTORS

	2019	2018 as restated
	£	£
Wages and salaries	6,806,267	6,640,010
Social security costs	582,780	566,183
Other pension costs	120,594	122,425
	<u>7,509,641</u>	<u>7,328,618</u>

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

	2019	2018 as restated
Production staff	210	217
Administrative staff	91	91
Management staff	4	4
	<u>305</u>	<u>312</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 305 (2018 - 312) .

	2019	2018 as restated
	£	£
Director's remuneration	107,568	140,608
Director's pension contributions to money purchase schemes	<u>8,323</u>	<u>10,960</u>

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

Money purchase schemes	<u>1</u>	<u>2</u>
------------------------	----------	----------

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
£	£	
Other operating leases	82,530	13,728
Depreciation - owned assets	605,733	538,906
Loss on disposal of fixed assets	4,467	33,444
Goodwill amortisation	19,197	76,787
Auditors' remuneration	<u>12,500</u>	<u>13,100</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018 as restated
	£	£
Bank interest	84,348	-
Bank loan interest	20,017	-
Loan	-	3,450
Corporation tax interest	971	-
Interest on pension obligation	38,000	30,000
	<u>143,336</u>	<u>33,450</u>

7. TAXATION

Analysis of the tax charge

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

	2019	2018 as restated
	£	£
Current tax:		
UK corporation tax	755,925	884,791
Adjustment re previous years	(69,324)	-
Total current tax	<u>686,601</u>	<u>884,791</u>
Deferred tax	39,508	(66,770)
Tax on profit	<u>726,109</u>	<u>818,021</u>

Reconciliation of total tax charge included in profit and loss

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

	2019	2018 as restated
	£	£
Profit before tax	<u>4,072,457</u>	<u>4,556,221</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	773,767	865,682
Effects of:		
Expenses not deductible for tax purposes	28,628	5,814
Income not taxable for tax purposes	(3,230)	(7,144)
Capital allowances in excess of depreciation	(43,240)	-
Depreciation in excess of capital allowances	-	15,475
Adjustments to tax charge in respect of previous periods	(69,324)	-
Deferred tax	39,508	(66,770)
Other tax adjustments	-	4,964
Total tax charge	<u>726,109</u>	<u>818,021</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	2019		
	Gross £	Tax £	Net £
Actuarial profit/(loss) on pension scheme	118,888	-	118,888
Purchase of own shares	(22,000,000)	-	(22,000,000)
Cancellation of share capital	114,687	-	114,687
	<u>(21,766,425)</u>	<u>-</u>	<u>(21,766,425)</u>

	2018		
	Gross £	Tax £	Net £
Actuarial profit/(loss) on pension scheme	(112,772)	-	(112,772)

8. INDIVIDUAL INCOME STATEMENT

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

9. PRIOR YEAR ADJUSTMENT

The financial statements have been restated to reflect the correct treatment of a bonus share issue in 2017. The change has resulted in a decrease in profits available for distribution at 31 December 2018 after tax by £54,613.

Summary of the prior year accounting impact:	£
Decrease in investments - Shares in group undertakings	54,613
Decrease in retained earnings - Bonus share issue	54,613

In addition to the above disclosure, where corresponding figures have been changed the words 'as restated' should be placed under the year heading on all relevant statements and notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

10. INTANGIBLE FIXED ASSETS

Group

Goodwill
£**COST**At 1 January 2019
and 31 December 2019213,948**AMORTISATION**At 1 January 2019
Amortisation for year
At 31 December 2019

194,751

19,197213,948**NET BOOK VALUE**At 31 December 2019
At 31 December 2018-19,197

11. TANGIBLE FIXED ASSETS

Group

Freehold
property
£Short
leasehold
£Plant and
machinery
£**COST**At 1 January 2019
Additions
Disposals
At 31 December 2019

12,865,019

80,000

-

12,945,019

62,540

-

-

62,540

1,096,746

185,286

(47,182)

1,234,850**DEPRECIATION**At 1 January 2019
Charge for year
Eliminated on disposal
Reclassification/transfer
At 31 December 2019

-

-

-

-

-

62,540

-

-

-

62,540

333,895

214,568

(34,449)

5,172519,186**NET BOOK VALUE**At 31 December 2019
At 31 December 201812,945,01912,865,019

-

-

715,664762,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2019	42,846	1,237,376	15,304,527
Additions	-	541,969	807,255
Disposals	-	(531,650)	(578,832)
At 31 December 2019	42,846	1,247,695	15,532,950
DEPRECIATION			
At 1 January 2019	20,888	193,275	610,598
Charge for year	9,481	381,684	605,733
Eliminated on disposal	-	(400,099)	(434,548)
Reclassification/transfer	-	-	5,172
At 31 December 2019	30,369	174,860	786,955
NET BOOK VALUE			
At 31 December 2019	12,477	1,072,835	14,745,995
At 31 December 2018	21,958	1,044,101	14,693,929

Company

	Freehold property £
COST	
At 1 January 2019	12,865,019
Additions	80,000
At 31 December 2019	12,945,019
NET BOOK VALUE	
At 31 December 2019	12,945,019
At 31 December 2018	12,865,019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

12. FIXED ASSET INVESTMENTS

Group

Interest
in other
participating
interests
£

COST

At 1 January 2019
and 31 December 201910,711

NET BOOK VALUE

At 31 December 2019
At 31 December 201810,71110,711

Company

Shares in
group
undertakings
£

COST

At 1 January 2019
and 31 December 2019163,838

NET BOOK VALUE

At 31 December 2019
At 31 December 2018163,838163,838

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

Subsidiaries

Tanvic Group Limited

Registered office: Granary Lodge, 96 Appletongate, Newark, Nottinghamshire, NG24 1LS
Nature of business: Sale of tyres and garage services

Class of shares:	%
Ordinary A, B and C	holding 100.00

	2019	2018
	£	£
Aggregate capital and reserves	9,787,196	13,798,699
Profit for the year	<u>2,869,906</u>	<u>3,178,870</u>

Steer Tyres Limited

Registered office: 96, Appletongate, Newark, Nottinghamshire, NG24 1LS
Nature of business: Sale and fitment of motor vehicle parts

Class of shares:	%
Ordinary	holding 100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

12. FIXED ASSET INVESTMENTS - continued

Link Tyre Sales Limited

Registered office: 96, Appletongate, Newark, Nottinghamshire, NG24 1LS

Nature of business: Sale and fitment of motor vehicle parts

Class of shares:	%
Ordinary	holding 100.00

13. STOCKS

	Group	
	2019	2018 as restated
	£	£
Stocks	<u>8,073,102</u>	<u>9,659,520</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Trade debtors	7,180,978	7,417,633	-	-
Amounts owed by group undertakings	-	-	125,026	-
Other debtors	493,282	1,467,728	-	800,000
Prepayments	<u>258,879</u>	<u>259,883</u>	<u>50,648</u>	<u>16,285</u>
	<u>7,933,139</u>	<u>9,145,244</u>	<u>175,674</u>	<u>816,285</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Bank loans and overdrafts (see note 16)	4,750,000	-	4,750,000	-
Trade creditors	5,935,020	5,861,520	-	-
Amounts owed to group undertakings	-	-	270,000	-
Taxation	394,674	492,945	89,527	86,487
Other taxes and social security	143,567	141,456	-	-
VAT	1,130,716	968,679	693	2,933
Other creditors	317,377	65,401	-	-
Directors' current accounts	320,000	-	320,000	-
Accrued expenses	<u>726,564</u>	<u>700,668</u>	<u>5,003</u>	<u>6,309</u>
	<u>13,717,918</u>	<u>8,230,669</u>	<u>5,435,223</u>	<u>95,729</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>4,750,000</u>	<u>-</u>	<u>4,750,000</u>	<u>-</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Bank loans	<u>4,750,000</u>	<u>-</u>	<u>4,750,000</u>	<u>-</u>

Any bank debt arising in the Group is secured by a debenture, containing a fixed and floating charge, over all the property or undertakings of the Group.

Tanvic Group Holdings Limited has given a floating charge and negative pledge against all property and income derived from the property to its bankers as security for sums owing to the bank.

18. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018 as restated
	£	£
Deferred tax		
Accelerated capital allowances	<u>152,508</u>	<u>113,000</u>

Group

	Deferred tax £
Balance at 1 January 2019	113,000
Charge to Income Statement during year	<u>39,508</u>
Balance at 31 December 2019	<u>152,508</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
21,845	Ordinary A	1	21,845	78,642
NIL	Ordinary B	1	-	57,890
27,306	Ordinary C	1	27,306	27,306
54,613	Ordinary D	1	54,613	54,613
			<u>103,764</u>	<u>218,451</u>

The Ordinary A, B and C share carry identical rights, save that the B shares do not carry voting, the A ordinary shares carry one vote per share, and the C ordinary shares carry three votes per share.

The Ordinary D shares carry the right to receive dividends but not the right to vote or to participate in capital distributions.

During the year the company bought back and subsequently cancelled 56,797 Ordinary A shares and 57,890 Ordinary B shares for a value of £22,000,000.

20. RESERVES**Group**

	Retained earnings £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2019	8,129,451	-	27,664,199	35,793,650
Profit for the year	3,346,348			3,346,348
Purchase of own shares	(22,000,000)	114,687	-	(21,885,313)
Actuarial profit on pension	118,888	-	-	118,888
At 31 December 2019	<u>(10,405,313)</u>	<u>114,687</u>	<u>27,664,199</u>	<u>17,373,573</u>

Share premium account

Includes all amounts paid for issued share capital above the par value.

Capital redemption reserve

The statutory, non-distributable reserve into which amounts were transferred following the redemption of the company's own shares.

Retained earnings

Includes all current and prior period retained profits and losses less dividends paid. All amounts are distributable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

21. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a defined benefit scheme. The assets of the scheme are held separately from those of those company and are administered by trustees in funds independent from the group's assets.

The total pension cost of the company was £Nil (2018 - £Nil). The pension costs is assessed in accordance with the advice of an independent qualified actuary using the projected unit method with a three year control period. The most recent full actuarial valuation was carried out as at 30 June 2019.

The valuation has been based on the most recent actuarial valuation and updated by the Director, using the same assumptions as the Scheme Actuarial the prior year, to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme as at 31 December 2019. At this date the market value of the assets of the scheme was £1,891,246 (2018 - £1,768,573) and the actuarial value of the assets was sufficient to cover 91% (2018 - 98%) of the benefits which have accrued to members. The expected return on plan assets is based on market expectation at the beginning of the year for returns over the entire life of the benefit obligation. The overall contribution rate from 6 April 2015 is 0% of pensionable payroll to 31 December 2019.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2019	2018 as restated
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	(17,000)	(28,000)
Past service cost	-	-
	<u>(17,000)</u>	<u>(28,000)</u>
Actual return on plan assets	<u>55,000</u>	<u>58,000</u>

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

	Defined benefit pension plans	
	2019	2018 as restated
	£	£
Opening defined benefit obligation	1,735,397	1,759,844
Interest cost	38,000	30,000
Benefits paid	(51,215)	(54,447)
	<u>1,722,182</u>	<u>1,735,397</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2019	2018 as restated
	£	£
Opening fair value of scheme assets	1,768,573	1,877,792
Expected return	55,000	58,000
Benefits paid	(51,215)	(54,447)
Return on plan assets (excluding interest income)	118,888	(112,772)
	<u>1,891,246</u>	<u>1,768,573</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2019	2018 as restated
	£	£
Return on plan assets (excluding interest income)	118,888	(112,772)
	<u>118,888</u>	<u>(112,772)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018 as restated
Equities	46%	43%
Cash	1%	-
Property	53%	57%
	<u>100%</u>	<u>100%</u>

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

	2019	2018 as restated
Discount rate	2.45%	1.70%
Future salary increases	2.80%	2.20%
Future pension increases	3.30%	3.10%
Inflation assumption (RPI)	3.30%	2.92%
Inflation assumption (CPI)	2.80%	2.20%
Revaluation in deferment	2.80%	2.20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

21. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The Group expects employee contributions to be paid during the financial year to 31 December 2020 will be £Nil in relation to the funding deficit.

22. **CONTINGENT LIABILITIES**

The company made guarantees to HMRC in respect of deferred VAT payments in the sum of £Nil (2018 - £425,000).

23. **RELATED PARTY DISCLOSURES**

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

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

Other related parties

	2019	2018 as restated
	£	£
Amount due from related party	269,366	800,000
Amount due to related party	<u>2,661</u>	<u>-</u>

During the year, a total of key management personnel compensation of £ 123,868 (2018 - £ 159,352) was paid.

24. **ULTIMATE CONTROLLING PARTY**

The controlling party is S D McCracken.

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.