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**GHS TYRE GROUP LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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## GHS TYRE GROUP LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	G R Short H R Short
<b>Company secretaries</b>	L Williams A Short M A Short G R Short
<b>Registered number</b>	07673036
<b>Registered office</b>	Leytonstone House 3 Hanbury Drive Leytonstone London E11 1GA
<b>Independent auditor</b>	Barnes Roffe LLP Chartered Accountants  Statutory Auditor Leytonstone House Leytonstone London E11 1GA

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**GHS TYRE GROUP LIMITED**

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**CONTENTS**

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	Page
<b>Group strategic report</b>	1
<b>Directors' report</b>	2 - 3
<b>Independent auditor's report</b>	4 - 8
<b>Consolidated statement of income and retained earnings</b>	9
<b>Consolidated balance sheet</b>	10 - 11
<b>Company balance sheet</b>	12
<b>Consolidated statement of changes in equity</b>	13
<b>Company statement of changes in equity</b>	14
<b>Consolidated Statement of cash flows</b>	15 - 16
<b>Consolidated analysis of net debt</b>	17
<b>Notes to the financial statements</b>	18 - 39

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## **GHS TYRE GROUP LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

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#### **Introduction**

The principal activity of the Company during the year was that of a holding company for its trading subsidiaries, G & S Tyre Services Limited, G & H (Holdings) Limited, and G H S Employee Services LLP.

The principal activity of G & S Tyre Services Limited was that of tyre distributors.

The principal activity of G & H (Holdings) Limited was that of business management and property development.

The principal activity of G H S Employee Services LLP was that of the provision of personnel services.

#### **Business review**

The directors are satisfied with the performance of the Group, given the tough trading conditions the tyre industry faces.

#### **Principal risks and uncertainties**

The principal risks to the group continue to be the uncertain economic conditions within the UK and the potential effect this could have on the group's customer base. The directors consider the nature of the group's customer base, as well as the type of service provided by the group, to be relatively stable and are hopeful that the group's current performance will continue. The directors feel the Group will continue as a going concern for the foreseeable future.

#### **Financial key performance indicators**

The directors consider the key performance indicators to be turnover and gross margin percentage. Turnover has increased by 13.0% to £10,570,708 (2021 - £9,358,106) and gross margin has increased from 35.9% to 37.9%.

This report was approved by the board on 25 May 2023 and signed on its behalf.

#### **G R Short**

Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2022**

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The directors present their report and the financial statements for the year ended 31 August 2022.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £988,040 (2021 - £879,998).

During the year, the directors declared dividends of £550,000 (2021 - £400,000).

**Directors**

The directors who served during the year were:

G R Short  
H R Short

**Future developments**

The Group aims to continue to build upon its strengths, maintain consistently high standards of service delivery, and invest in the Group's resources in order to provide long term benefits to its clients, shareholders and employees.

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**GHS TYRE GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditor**

The auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 May 2023 and signed on its behalf.

**G R Short**

Director

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHS TYRE GROUP LIMITED

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**Opinion**

We have audited the financial statements of GHS Tyre Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2022, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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's affairs as at 31 August 2022 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 Auditor's 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHS TYRE GROUP LIMITED (CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report 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.

**Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the 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 Directors' report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHS TYRE GROUP LIMITED (CONTINUED)

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHS TYRE GROUP LIMITED (CONTINUED)

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- Ensuring that the engagement team collectively had the appropriate competence, capabilities and skills to identify non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors, and from our commercial knowledge and experience of the relevant sector;
- The specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, are as follows - Companies Act 2006, FRS 102, Employment legislation and Tax legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- Laws and regulations were communicated within the audit team at the planning meeting, and the audit team remained alert to instances of non-compliance throughout the audit.

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

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions
- Assessing whether judgement and assumptions made in determining significant accounting estimates were indicative of management bias.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHS TYRE GROUP LIMITED (CONTINUED)

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**Use of our report**

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

Simon Liggins (Senior statutory auditor)  
for and on behalf of  
**Barnes Roffe LLP**  
Chartered Accountants

Statutory Auditor  
Leytonstone House  
Leytonstone  
London  
E11 1GA

26 May 2023

GHS TYRE GROUP LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Turnover	4	10,570,708	9,358,106
Cost of sales		(6,569,341)	(6,001,398)
<b>Gross profit</b>		<b>4,001,367</b>	<b>3,356,708</b>
Administrative expenses		(2,748,848)	(2,269,362)
Other operating income	5	-	29,403
<b>Operating profit</b>	6	<b>1,252,519</b>	<b>1,116,749</b>
Income from participating interests		-	(11,598)
Interest payable and similar expenses	10	(12,170)	(10,128)
<b>Profit before tax</b>		<b>1,240,349</b>	<b>1,095,023</b>
Tax on profit	11	(252,309)	(215,025)
<b>Profit after tax</b>		<b>988,040</b>	<b>879,998</b>
Retained earnings at the beginning of the year		6,791,641	6,311,643
		6,791,641	6,311,643
Profit for the year attributable to the owners of the parent		988,040	879,998
Dividends declared and paid		(550,000)	(400,000)
<b>Retained earnings at the end of the year</b>		<b>7,229,681</b>	<b>6,791,641</b>

The notes on pages 18 to 39 form part of these financial statements.

**GHS TYRE GROUP LIMITED**  
**REGISTERED NUMBER: 07673036**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	6,944,442	6,775,012
		<u>6,944,442</u>	<u>6,775,012</u>
<b>Current assets</b>			
Stocks	16	1,137,406	815,770
Debtors: amounts falling due within one year	17	2,784,874	2,292,472
Cash at bank and in hand	18	1,188,760	644,530
		<u>5,111,040</u>	<u>3,752,772</u>
Creditors: amounts falling due within one year	19	(3,005,063)	(2,052,004)
<b>Net current assets</b>		<u>2,105,977</u>	<u>1,700,768</u>
<b>Total assets less current liabilities</b>		<u>9,050,419</u>	<u>8,475,780</u>
Creditors: amounts falling due after more than one year	20	(127,517)	(42,390)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(160,292)	(97,762)
		<u>(160,292)</u>	<u>(97,762)</u>
<b>Net assets</b>		<u>8,762,610</u>	<u>8,335,628</u>
<b>Capital and reserves</b>			
Called up share capital	23	1,156	1,156
Revaluation reserve	24	1,530,633	1,541,691
Capital redemption reserve	24	140	140
Other reserves	24	1,000	1,000
Profit and loss account	24	7,229,681	6,791,641
		<u>8,762,610</u>	<u>8,335,628</u>

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**GHS TYRE GROUP LIMITED**  
**REGISTERED NUMBER: 07673036**

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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2022**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

**G R Short**

Director

The notes on pages 18 to 39 form part of these financial statements.

**GHS TYRE GROUP LIMITED**  
**REGISTERED NUMBER: 07673036**

**COMPANY BALANCE SHEET**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	15	1,100	1,100
		<u>1,100</u>	<u>1,100</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	512,343	522,706
Cash at bank and in hand	18	7	8
		<u>512,350</u>	<u>522,714</u>
Creditors: amounts falling due within one year	19	-	(7,806)
<b>Net current assets</b>		<u>512,350</u>	<u>514,908</u>
<b>Total assets less current liabilities</b>		<u>513,450</u>	<u>516,008</u>
<b>Net assets</b>		<u><u>513,450</u></u>	<u><u>516,008</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	1,156	1,156
Capital redemption reserve	24	40	40
Profit and loss account brought forward		514,812	518,442
Profit for the year		547,442	396,370
Dividends declared		(550,000)	(400,000)
		<u>512,254</u>	<u>514,812</u>
Profit and loss account carried forward		<u><u>513,450</u></u>	<u><u>516,008</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

**G R Short**

Director

The notes on pages 18 to 39 form part of these financial statements.

GHS TYRE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 September 2020</b>	<b>1,156</b>	<b>140</b>	<b>1,541,691</b>	<b>1,000</b>	<b>6,311,643</b>	<b>7,855,630</b>
Profit for the year	-	-	-	-	879,998	879,998
Dividends: Equity capital	-	-	-	-	(400,000)	(400,000)
<b>At 1 September 2021</b>	<b>1,156</b>	<b>140</b>	<b>1,541,691</b>	<b>1,000</b>	<b>6,791,641</b>	<b>8,335,628</b>
Profit for the year	-	-	-	-	988,040	988,040
Deferred tax movement on revalued property	-	-	(11,058)	-	-	(11,058)
Dividends: Equity capital	-	-	-	-	(550,000)	(550,000)
<b>At 31 August 2022</b>	<b>1,156</b>	<b>140</b>	<b>1,530,633</b>	<b>1,000</b>	<b>7,229,681</b>	<b>8,762,610</b>

The notes on pages 18 to 39 form part of these financial statements.

GHS TYRE GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 September 2020</b>	<b>1,156</b>	<b>40</b>	<b>518,442</b>	<b>519,638</b>
Profit for the year	-	-	396,370	396,370
Dividends: Equity capital	-	-	(400,000)	(400,000)
<b>At 1 September 2021</b>	<b>1,156</b>	<b>40</b>	<b>514,812</b>	<b>516,008</b>
Profit for the year	-	-	547,442	547,442
Dividends: Equity capital	-	-	(550,000)	(550,000)
<b>At 31 August 2022</b>	<b>1,156</b>	<b>40</b>	<b>512,254</b>	<b>513,450</b>

The notes on pages 18 to 39 form part of these financial statements.

GHS TYRE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	988,040	879,998
<b>Adjustments for:</b>		
Depreciation of tangible assets	275,313	232,172
Loss on disposal of tangible assets	(41,089)	(23,028)
Government grants	-	(29,403)
Interest paid	12,170	10,128
Interest received	-	11,598
Taxation charge	252,309	215,025
(Increase) in stocks	(321,636)	(490,545)
(Increase)/decrease in debtors	(492,402)	805,034
Increase/(decrease) in creditors	691,611	(904,076)
Corporation tax (paid)	(62,762)	(100,075)
<b>Net cash generated from operating activities</b>	<b>1,301,554</b>	<b>606,828</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(461,005)	(86,724)
Sale of tangible fixed assets	57,351	30,471
Government grants received	-	29,403
HP interest paid	(11,200)	(6,042)
Income from investments in related companies	-	(11,598)
<b>Net cash from investing activities</b>	<b>(414,854)</b>	<b>(44,490)</b>

GHS TYRE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	208,500	(87,200)
Dividends paid	(550,000)	(400,000)
Interest paid	(970)	(4,086)
<b>Net cash used in financing activities</b>	<b>(342,470)</b>	<b>(491,286)</b>
<b>Net increase in cash and cash equivalents</b>	<b>544,230</b>	<b>71,052</b>
Cash and cash equivalents at beginning of year	644,530	573,478
<b>Cash and cash equivalents at the end of year</b>	<b>1,188,760</b>	<b>644,530</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,188,760	644,530
	<b>1,188,760</b>	<b>644,530</b>

The notes on pages 18 to 39 form part of these financial statements.

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**GHS TYRE GROUP LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 AUGUST 2022**

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	At 1 September 2021 £	Cash flows £	HP Interest £	New finance leases £	At 31 August 2022 £
Cash at bank and in hand	644,530	544,230	-	-	1,188,760
Debt due within 1 year	-	-	-	-	-
Finance leases	(136,590)	274,962	(28,597)	(454,865)	(345,090)
	<u>507,940</u>	<u>819,192</u>	<u>(28,597)</u>	<u>(454,865)</u>	<u>843,670</u>

The notes on pages 18 to 39 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. General information**

The principal activity of the Company during the year was that of a holding company for its trading subsidiaries, G & S Tyre Services Limited, G & H (Holdings) Limited, and G H S Employee Services LLP.

The principal activity of G & S Tyre Services Limited was that of tyre distributors.

The principal activity of G & H (Holdings) Limited was that of business management and property development.

The principal activity of G H S Employee Services LLP was that of the provision of personnel services.

The Company is a private company limited by shares, incorporated in England and Wales. Its registered office is Leytonstone House, 3 Hanbury Drive, Leytonstone, London, E11 1GA.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

**2.2 Going concern**

The Company and Group have considerable financial resources and are expected to continue to generate positive cash flows on their own account for the foreseeable future. As a consequence, the directors believe that the Company and Group are well placed to manage its business risks successfully. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.3 Basis of consolidation**

The consolidated financial statements present the results of the Company 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 business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 September 2014.

**2.4 Associates and joint ventures**

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of income and retained earnings includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy

**2.5 Exemptions for qualifying entities under FRS 102**

FRS 102 section 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemption:

(i) From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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2. Accounting policies (continued)

2.6 Revenue

The Group has the following main sources of revenue:

G H S Tyre Group Limited

The Company receives investment income from its subsidiaries. This is accounted for when received. The Company has no other forms of revenue.

G & S Tyre Services Limited - (the "Company" for the purpose of this note)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and valued added taxes.

The Company recognises revenue when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and when the specific criteria in relation to each of the Company's sales channels have been met, as described below:

(i) The Company sells tyres to distributors and consumers. Sales invoices are raised upon delivery. Delivery occurs when goods have been shipped from the Company's warehouse, at which point the risks of obsolescence or loss have been transferred to the customer. It is at this point that revenue is recognised.

(ii) The Company also provides a variety of services relating to assistance, repair and fitting of tyres to industrial and commercial vehicles. Revenue is recognised in the accounting period in which the services are rendered.

All sales are normally made with credit terms, unless settled immediately in cash. The element of financing is deemed immaterial and disregarded in the measurement of revenue.

G & H (Holdings) Limited - (the "Company" for the purpose of this note)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and valued added taxes.

The Company's source of revenue is from rental income from investment properties let to connected entities and for management services provided to these entities. Sales invoices are raised monthly in arrears for services provided. Revenue is recognised in the accounting period in which the services are rendered.

The Company also receives income from a participating interest. This is accounted for when received.

All sales, except for income from a participating interest, are made with credit terms unless settled immediately in cash. The element of financing is deemed immaterial and disregarded in the measurement of revenue.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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**2. Accounting policies (continued)**

G H S Employee Services LLP - (the "LLP" for the purpose of this note)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the LLP and valued added taxes.

The LLP provides personnel services. Sales invoices are raised monthly in arrears for personnel services provided. Revenue is recognised in the accounting period in which the services are rendered. Sales are made with credit terms. The element of financing is deemed immaterial and disregarded in the measurement of revenue.

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- Not depreciated
Property improvements	- Not depreciated
Plant and machinery	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

The freehold property is maintained to a high standard and as such no depreciation is charged on the property. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the Group. It would not be practical to quantify the depreciation which might otherwise have been charged.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.8 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**2.9 Investment properties**

Investment properties for which fair values can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually, with the surplus or deficit being recognised in the profit and loss account.

**2.10 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.11 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet 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 profit or loss.

**2.12 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.14 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 ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Consolidated statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

**2.15 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.16 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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**2. Accounting policies (continued)**

**2.17 Foreign currency translation**

**Functional and presentation currency**

The Group's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

**2.18 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.19 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.20 Operating leases: the Group as lessee**

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

**2.21 Leased assets: the Group as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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2. Accounting policies (continued)

2.22 Pensions

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

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**2. Accounting policies (continued)**

**2.25 Employee benefits**

The Group provides a range of benefits to employees, including paid holiday arrangements.

**Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the services is received.

**Termination benefits**

The Group is committed, by legislation and/or contractual obligations, to make payments to employees when the Group terminates their employment. Such payments are termination benefits. Because termination benefits do not provide the Group with future economic benefits, the Group recognises these as an expense in the Statement of comprehensive income immediately. The Group will only recognise termination benefits as a liability and an expense when the Group is demonstrably committed to terminate the employment of an employee or Group of employees before the normal retirement date.

**2.26 Related party transactions**

The Company discloses the transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

**2.27 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical judgments in applying the entity's accounting policies**

No critical accounting judgments have had to be made by management in preparing these financial statements.

**Critical accounting estimates and assumptions**

**Impairment of investment properties**

The directors' annually assess whether any investment property is impaired. Impairment reviews consist of assessing a number of factors including impairment due to market conditions that may only be transient or factors that indicate permanent impairment. Impairment losses are recognised in the Statement of comprehensive income.

**Taxation**

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 2.24 and note 11.

**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 reassessed annually. They are amended when necessary to reflect current estimates, based on the directors' knowledge and experience of the property market, recent market transactions, current rental yields and valuations performed by financial institutions on borrowings taken out which are secured on investment properties held by the Group. The carrying amount of the property plant and equipment is shown in note 14 and note 2.7 gives the useful economic lives for each class of assets.

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**GHS TYRE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**4. Turnover**

The whole of the turnover is attributable to the Group's principal activities. It is the opinion of the directors that disclosure of turnover of the Group by revenue stream is seriously prejudicial to the interests of the Group.

Analysis of turnover by country of destination:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>10,260,490</b>	9,118,136
Rest of Europe	<b>310,218</b>	239,970
	<b><u>10,570,708</u></b>	<b><u>9,358,106</u></b>

**5. Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
CJRS income	<b><u>-</u></b>	<b><u>29,403</u></b>

**6. Operating profit**

The operating profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>275,313</b>	232,172
Other operating lease rentals	<b>27,069</b>	698
Defined contribution pension costs	<b>30,165</b>	26,311
Motor running costs	<b><u>298,008</u></b>	<b><u>207,172</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**7. Auditor's remuneration**

	<b>2022</b> <b>£</b>	<i>2021</i> <i>£</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u><b>21,950</b></u>	<u><i>21,950</i></u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
All other services	<u><b>19,800</b></u>	<u><i>16,000</i></u>
	<u><b>19,800</b></u>	<u><i>16,000</i></u>

**8. Employees**

Staff costs were as follows:

	<b>Group</b> <b>2022</b> <b>£</b>	<i>Group</i> <i>2021</i> <i>£</i>	<b>Company</b> <b>2022</b> <b>£</b>	<i>Company</i> <i>2021</i> <i>£</i>
Wages and salaries	<b>1,463,298</b>	<i>1,229,383</i>	-	-
Social security costs	<b>110,454</b>	<i>92,213</i>	-	-
Cost of defined contribution scheme	<b>30,705</b>	<i>26,311</i>	-	-
	<u><b>1,604,457</b></u>	<u><i>1,347,907</i></u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2022</b> <b>No.</b>	<i>2021</i> <i>No.</i>
Administration and sales	<u><b>43</b></u>	<u><i>39</i></u>

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL)

**9. Directors' remuneration**

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

GHS TYRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	32	4,086
Finance leases and hire purchase contracts	11,200	6,042
Other interest payable	938	-
	<u>12,170</u>	<u>10,128</u>

11. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	200,798	242,638
Adjustments in respect of previous periods	39	-
	<u>200,837</u>	<u>242,638</u>
<b>Total current tax</b>	<u>200,837</u>	<u>242,638</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	51,472	(27,613)
	<u>51,472</u>	<u>(27,613)</u>
<b>Total deferred tax</b>	<u>51,472</u>	<u>(27,613)</u>
<b>Taxation on profit on ordinary activities</b>	<u>252,309</u>	<u>215,025</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,240,349</u>	<u>1,095,023</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	235,666	208,054
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,072	7,331
Enhanced first year allowances	(15,360)	-
Accelerated capital allowances	27,413	(1,050)
Adjustments to tax charge in respect of prior periods	39	-
Unrelieved tax losses carried forward	479	690
<b>Total tax charge for the year</b>	<u>252,309</u>	<u>215,025</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Dividends**

	2022 £	2021 £
Dividends payable on equity capital	<u>550,000</u>	<u>400,000</u>

**13. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements. The profit after tax of the parent Company for the year was £547,442 (2021 - £396,370).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**14. Tangible fixed assets****Group**

	Freehold property £	Property improve-ments £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>						
At 1 September 2021	5,500,000	609,711	989,822	1,263,354	160,700	8,523,587
Additions	-	-	-	461,005	-	461,005
Disposals	-	-	-	(190,682)	-	(190,682)
At 31 August 2022	5,500,000	609,711	989,822	1,533,677	160,700	8,793,910
<b>Depreciation</b>						
At 1 September 2021	-	47,554	749,099	813,129	138,793	1,748,575
Charge for the year on owned assets	-	-	57,196	25,617	5,477	88,290
Charge for the year on financed assets	-	-	2,984	184,039	-	187,023
Disposals	-	-	-	(174,420)	-	(174,420)
At 31 August 2022	-	47,554	809,279	848,365	144,270	1,849,468
<b>Net book value</b>						
At 31 August 2022	<u>5,500,000</u>	<u>562,157</u>	<u>180,543</u>	<u>685,312</u>	<u>16,430</u>	<u>6,944,442</u>
<b>At 31 August 2021</b>	<u>5,500,000</u>	<u>562,157</u>	<u>240,723</u>	<u>450,225</u>	<u>21,907</u>	<u>6,775,012</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**14. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2022</b>	<i>2021</i>
	<b>£</b>	<b>£</b>
Plant and machinery	-	11,934
Motor vehicles	-	317,074
	<u>-</u>	<u>329,008</u>

Included within freehold property above are land and buildings at valuation of £5,500,000, which cost £3,975,788 and that were subject to revaluation in 2012 by Stiles, Harold and Williams, surveyors.

If the land and buildings had not been included at valuation, they would have been included under the historical cost convention at a cost of £3,975,788 with no accumulated depreciation.

**15. Fixed asset investments****Group**

	<b>Other fixed asset investments £</b>
<b>Cost or valuation</b>	
At 1 September 2021	270,000
	<u>270,000</u>
At 31 August 2022	<u>270,000</u>
<b>Impairment</b>	
At 1 September 2021	270,000
	<u>270,000</u>
At 31 August 2022	<u>270,000</u>
<b>Net book value</b>	
At 31 August 2022	<u>-</u>
<b>At 31 August 2021</b>	<u>-</u>

**GHS TYRE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**Company**

**Investments in  
subsidiary  
companies  
£**

**Cost or valuation**

At 1 September 2021

**1,100**

At 31 August 2022

**1,100**

**Net book value**

At 31 August 2022

**1,100**

**At 31 August 2021**

**1,100**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
G&S Tyre Services Limited	Tyre distributors	Ordinary*	100
		-	- %
			-
G&H (Holdings) Limited	Business management and property development	Ordinary	100
		-	- %
			-
GHS Employee Services LLP	Provider of personnel services	Equity member**	100
		-	- %
			-

\* G H S Tyre Group Limited owns 90% directly with the remaining 10% owned by a subsidiary entity, G H S Employee Services LLP.

\*\* G H S Tyre Group Limited is the controller of and sole equity member of G H S Employee Services LLP.

**GHS TYRE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**16. Stocks**

	<b>Group 2022 £</b>	<i>Group 2021 £</i>
Finished goods and goods for resale	<b>1,137,406</b>	815,770
	<b><u>1,137,406</u></b>	<u>815,770</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £6,567,738 (2021 - £5,991,528).

**17. Debtors**

	<b>Group 2022 £</b>	<i>Group 2021 £</i>	<b>Company 2022 £</b>	<i>Company 2021 £</i>
Trade debtors	<b>2,137,888</b>	1,790,967	-	-
Amounts owed by group undertakings	-	-	<b>512,146</b>	522,510
Other debtors	<b>457,793</b>	369,733	<b>197</b>	196
Prepayments and accrued income	<b>189,193</b>	131,772	-	-
	<b><u>2,784,874</u></b>	<u>2,292,472</u>	<b><u>512,343</u></b>	<u>522,706</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand.

**18. Cash and cash equivalents**

	<b>Group 2022 £</b>	<i>Group 2021 £</i>	<b>Company 2022 £</b>	<i>Company 2021 £</i>
Cash at bank and in hand	<b>1,188,760</b>	644,530	<b>7</b>	8
	<b><u>1,188,760</u></b>	<u>644,530</u>	<b><u>7</u></b>	<u>8</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**19. Creditors: Amounts falling due within one year**

	<b>Group 2022 £</b>	<i>Group 2021 £</i>	<b>Company 2022 £</b>	<i>Company 2021 £</i>
Trade creditors	<b>1,908,206</b>	1,468,815	-	-
Corporation tax	<b>443,238</b>	305,163	-	7,806
Other taxation and social security	<b>241,522</b>	153,736	-	-
Obligations under finance lease and hire purchase contracts	<b>217,573</b>	94,200	-	-
Other creditors	<b>169,149</b>	4,715	-	-
Accruals and deferred income	<b>25,375</b>	25,375	-	-
	<b><u>3,005,063</u></b>	<u>2,052,004</u>	<u>-</u>	<u>7,806</u>

**20. Creditors: Amounts falling due after more than one year**

	<b>Group 2022 £</b>	<i>Group 2021 £</i>
Net obligations under finance leases and hire purchase contracts	<b><u>127,517</u></b>	<u>42,390</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The bank overdrafts of £nil (2021 - £nil) are secured by a cross guarantee and debenture between GHS Tyre Group Limited and its subsidiaries.

Hire purchase obligations of £345,090 (2021 - £136,590) are secured on the assets to which they relate.

**21. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2022 £</b>	<i>Group 2021 £</i>
Within one year	<b>217,573</b>	94,200
Between 1-5 years	<b>127,517</b>	42,390
	<b><u>345,090</u></b>	<u>136,590</u>

GHS TYRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

22. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	(97,762)	(125,375)
Charged to profit or loss	(51,472)	27,613
Credited to other comprehensive income	(11,058)	-
<b>At end of year</b>	<b>(160,292)</b>	<b>(97,762)</b>
	<b>Group 2022 £</b>	<b>Group 2021 £</b>
Accelerated capital allowances	(114,218)	(62,746)
Deferred tax movement on revalued property	(46,074)	(35,016)
	<b>(160,292)</b>	<b>(97,762)</b>

23. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
960 (2021 - 960) Ordinary shares of £1.00 each	960	960
100 (2021 - 100) Ordinary A shares of £1.00 each	100	100
96 (2021 - 96) Ordinary B shares of £1.00 each	96	96
	<b>1,156</b>	<b>1,156</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**24. Reserves****Revaluation reserve**

The revaluation reserve represents the cumulative revaluations of the freehold property. These are non-distributable reserves.

**Capital redemption reserve**

The capital redemption reserve relates to the nominal value of historic company share repurchases.

**Other reserves**

Other reserves represents an adjustment on consolidation when applying merger relief considerations. This is a non-distributable reserve.

**Profit and loss account**

The profit and loss account represents cumulative distributable profits and losses net of dividends and other adjustments.

**25. Pension commitments**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £30,705 (2021 - £26,311).

**26. Commitments under operating leases**

At 31 August 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2022 £</b>	<i>Group 2021 £</i>
Not later than 1 year	<b>1,076</b>	<i>1,076</i>
Later than 1 year and not later than 5 years	<b>911</b>	<i>1,076</i>
	<b><u>1,987</u></b>	<i><u>2,152</u></i>

**27. Related party transactions**

During the year, the Group received a share of an accounting loss of £nil (2021 - £11,598) from an LLP in which the Group holds an investment. At the year end included within amounts due to participating interests is £nil (2021 - £nil) due to GHS Property Investments LLP.

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**GHS TYRE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**28. Controlling party**

The Group regards G R Short and H R Short to be the controlling parties.

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.