

Company Registration Number: 10279764 (England and Wales)

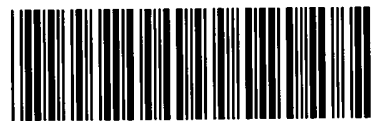
Zafco UK Holding Ltd

Annual Report and Financial Statements

for the Period from 15 July 2016 to 31 December 2017

Russell Phillips Limited
Chartered Accountants
23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

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Zafco UK Holding Ltd

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Zafco UK Holding Ltd

Company Information

Directors	Zafar Hussain Amir Abbas Rashmi Bhola
Registered office	23 Station Road Gerrards Cross Buckinghamshire SL9 8ES
Auditors	Russell Phillips Limited Chartered Accountants 23 Station Road Gerrards Cross Buckinghamshire SL9 8ES

Zafco UK Holding Ltd

Directors' Report for the Period from 15 July 2016 to 31 December 2017

The directors present their report and the financial statements for the period from 15 July 2016 to 31 December 2017.

Incorporation

The company was incorporated and commenced trading on 15 July 2016.

Directors of the company

The directors who held office during the period were as follows:

Amir Abbas (appointed 15 July 2016)

Rashmi Bhola (appointed 15 July 2016)

Rishi Vig (appointed 15 July 2016 and resigned 29 March 2018)

The following director was appointed after the period end:

Zafar Hussain (appointed 29 March 2018)

Principal activity

The principal activity of the company is wholesale and retail of motor vehicle tyres and spares

Going concern

Company incurred a loss of £263,485 and had net liabilities of £213,485. However, its parent company Zafco Group Holding Limited has guaranteed financial support and on this basis, directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from withdrawal of such support.

The loss was primarily caused by the legal and professional costs incurred in acquiring United Tyre Company Limited with whom company's operations will be merged during 2018.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

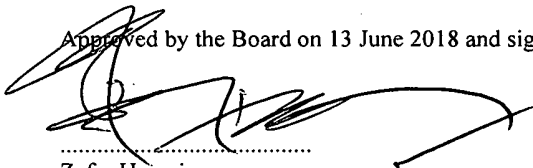
Reappointment of auditors

Russell Phillips Limited are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continued in force under the Companies Act 2006.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 13 June 2018 and signed on its behalf by:



Zafar Hussain
Director

Zafco UK Holding Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Zafco UK Holding Ltd

Independent Auditor's Report to the Members of Zafco UK Holding Ltd

Opinion

We have audited the financial statements of Zafco UK Holding Ltd (the 'company') for the period from 15 July 2016 to 31 December 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and 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 FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small companies, in the circumstances set out in note 13 to the financial statements, 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.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosure made in note 2 of the financial statements. In view of the significance of this uncertainty we consider that it should be brought to your attention but our opinion is not qualified in this respect.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 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.

Zafco UK Holding Ltd

Independent Auditor's Report to the Members of Zafco UK Holding Ltd

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 matter 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Zafco UK Holding Ltd

Independent Auditor's Report to the Members of Zafco UK Holding Ltd

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 auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



Jonathan Russell (Senior Statutory Auditor)
For and on behalf of Russell Phillips Limited, Statutory Auditor

23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

15 June 2018

Zafco UK Holding Ltd

Profit and Loss Account for the Period from 15 July 2016 to 31 December 2017

	Note	2017 £
Turnover		1,236,930
Cost of sales		<u>(1,147,182)</u>
Gross profit		89,748
Administrative expenses		<u>(348,753)</u>
Operating loss		<u>(259,005)</u>
Income from shares in group undertakings		7,000,000
Amounts written off investments		(7,000,000)
Interest payable and similar expenses		<u>(4,480)</u>
		<u>(4,480)</u>
Loss before tax	5	<u>(263,485)</u>
Loss for the financial period		<u><u>(263,485)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

Zafco UK Holding Ltd

**Statement of Comprehensive Income for the Period from 15 July 2016 to 31 December
2017**

	2017 £
Loss for the period	<u>(263,485)</u>
Total comprehensive income for the period	<u><u>(263,485)</u></u>

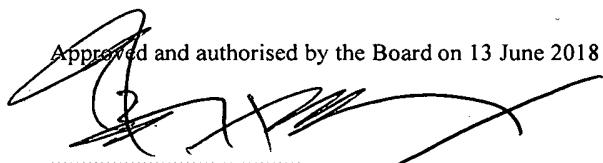
Zafco UK Holding Ltd

(Registration number: 10279764)
Balance Sheet as at 31 December 2017

	Note	2017 £
Fixed assets		
Investments	6	15,062,984
Current assets		
Stocks	7	73,467
Debtors	8	451,818
Cash at bank and in hand		<u>401,516</u>
		926,801
Creditors: Amounts falling due within one year	9	<u>(16,203,270)</u>
Net current liabilities		<u>(15,276,469)</u>
Net liabilities		<u>(213,485)</u>
Capital and reserves		
Called up share capital		50,000
Profit and loss account		<u>(263,485)</u>
Total equity		<u>(213,485)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 13 June 2018 and signed on its behalf by:



.....
Zafar Hussain
Director

Zafco UK Holding Ltd

Statement of Changes in Equity for the Period from 15 July 2016 to 31 December 2017

	Share capital £	Profit and loss account £	Total £
Loss for the period	-	(263,485)	(263,485)
Total comprehensive income	-	(263,485)	(263,485)
New share capital subscribed	50,000	-	50,000
At 31 December 2017	50,000	(263,485)	(213,485)

Zafco UK Holding Ltd

Notes to the Financial Statements for the Period from 15 July 2016 to 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

The principal place of business is:

Court Road Industrial Estate
Cwmbran
NP44 3AS

These financial statements were authorised for issue by the Board on 13 June 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

Company incurred a loss of £263,485 and had net liabilities of £213,485. However, its parent company Zafco Group Holding Limited has guaranteed financial support and on this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include adjustments that would result from a withdrawal of such support.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Zafco UK Holding Ltd

Notes to the Financial Statements for the Period from 15 July 2016 to 31 December 2017

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Zafco UK Holding Ltd

Notes to the Financial Statements for the Period from 15 July 2016 to 31 December 2017

3 Staff numbers

The average number of persons employed by the company (including directors) during the period, was 5.

4 Auditors' remuneration

	2017 £
Audit of the financial statements	<u>21,000</u>

5 Loss/profit before tax

Arrived at after charging/(crediting)

	2017 £
Income from shares in group undertakings	<u>(7,000,000)</u>
United Tyre Company Limited paid a final dividend of £7,000,000.	

6 Investments

	2017 £
Investments in subsidiaries	<u>15,062,984</u>
Subsidiaries	£
Cost or valuation	
Additions	22,062,984
Provision	
Provision	<u>7,000,000</u>
Carrying amount	
At 31 December 2017	<u>15,062,984</u>

Company acquired total issued share capital of United Tyre Company Limited and Zafco Holding US Inc.

7 Stocks

	2017 £
Finished goods and goods for resale	<u>73,467</u>

Zafco UK Holding Ltd

Notes to the Financial Statements for the Period from 15 July 2016 to 31 December 2017

8 Debtors

	Note	2017 £
Trade debtors		272,749
Amounts owed by group undertakings and undertakings in which the company has a participating interest		23,972
Other debtors		155,097
		<u>451,818</u>

Amounts owed by group undertakings and undertakings in which the company has a participating interest are unsecured, interest free and payable on demand.

9 Creditors

Creditors: amounts falling due within one year

	Note	2017 £
Due within one year		
Trade creditors		31,095
Amounts owed to group undertakings and undertakings in which the company has a participating interest		16,122,963
Accruals and deferred income		49,212
		<u>16,203,270</u>

Amounts owed to group undertakings and undertakings in which the company has a participating interest are unsecured and payable on demand.

10 Share capital

Allotted, called up and fully paid shares

	No.	2017 £
Ordinary shares of £100 each	<u>500</u>	<u>50,000</u>

11 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

Zafco UK Holding Ltd

Notes to the Financial Statements for the Period from 15 July 2016 to 31 December 2017

The total amount of contingencies not included in the balance sheet is £20,000,000. Standard Chartered Bank has secured its loan to Zafco FZ Co, a company under common control, by a fixed charge over Company's undertaking and its shareholding in United Tyre Company Limited.

12 Parent and ultimate parent undertaking

The company's immediate parent is Zafco Group Holding Limited, incorporated in United Arab Emirates.

13 APB Ethical Standards relevant circumstances

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.