

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 October 2020
for
Tyrefix Holdings Limited

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for the Year Ended 31 October 2020

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Tyrefix Holdings Limited

Company Information
for the Year Ended 31 October 2020

DIRECTORS:

O Johnson
A D Buffin
T E Gover

SECRETARY:

T E Gover

REGISTERED OFFICE:

Unit 3 Hill Lane Close
Markfield
Leicester
Leicestershire
LE67 9PY

REGISTERED NUMBER:

11523683 (England and Wales)

AUDITORS:

Gopsall Audit Services Limited
Chartered Accountants
Statutory Auditor
4 HRFC Business Centre
Leicester Road
Hinckley
Leicestershire
LE10 3DR

Group Strategic Report
for the Year Ended 31 October 2020

The directors present their strategic report of the company and the group for the year ended 31 October 2020.

REVIEW OF BUSINESS

COVID-19 had a significant impact on the business during the year, revenue and profit decreased as a result. However, the business responded well to the pandemic, focusing on business continuity, and rebounded strongly in the last final quarter.

Due to the impact of COVID, revenue decreased by 11.8% to £10,278,271 (2019 £11,651,806). Due to the high fixed cost base within the business, pre-tax profit decreased by 41.0% to £865,768 (2019 £1,467,900).

The Group reports net assets of £4,911,527 (2019 £4,256,629).

Our Financial Key Performance Indicators for the year, together with the historical trend data, are set out in the table below:-

	2020	2019	Definition and analysis
Increase/(Decrease) in sales (%)	(11.8)	7.7	Year on year sales movement expressed as a percentage. We expect sales to decrease during the year due to the impact of COVID, results were in line with expectations.
Gross profit margin (%)	40.1	44.1	Gross profit expressed as a percentage of sales. We expect Gross Margin to decrease compared to prior year as fitters worked at significantly below capacity during COVID,
Net profit margin (%)	8.4	12.6	Profit on ordinary activities before taxation expressed as a percentage of sales. We expect Net Margin to decrease to a greater extent than Gross margin as we have a high fixed cost base meaning we aren't able to flex overheads in line with revenue.

PRINCIPAL RISKS AND UNCERTAINTIES

There are several risks impacting the construction industry as a whole and Tyrefix as a result, these include:

Foreign Exchange Rates - GBP to Euro exchange rates have fluctuated throughout the year and have a significant impact on cost of sales. To limit the impact of FX fluctuations we purchase Euros on a quarterly basis.

Availability of Stock - COVID-19 has resulted in increased lead times for importing tyres into the UK as suppliers have significantly decreased output and shipping has been delayed. The management team have increased stock levels to ensure we can continue to operate.

Exposure to Bad Debts - Key customers are offered extended payment terms and we have exposure to potential bad debts as a result. To manage the risk, we perform credit checks on clients at regular intervals and have a credit control function to ensure customers settle invoices within payment terms.

COVID-19 - The economy as a whole including construction was severely impacted by the first COVID-19 lockdown but has subsequently rebounded strongly. There is a small risk that further lockdowns could be required to limit new variants. Were this to happen the company would utilise its business continuity policies to ensure we can continue to operate.

Group Strategic Report
for the Year Ended 31 October 2020

POST BALANCE SHEET EVENTS

In November 2021, the majority shareholding of the Tyrefix Group was acquired by Literacy Capital PLC with Tom Gover and Tony Buffin joining the group as Directors and Adrian and Diane Johnson retiring. Oliver Johnson has moved from Operations Director to Managing Director.

The acquisition by Literacy Capital provides additional financial security ensuring the Group has the capital required to invest in the future.

ON BEHALF OF THE BOARD:

O Johnson - Director

1 July 2021

Report of the Directors
for the Year Ended 31 October 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 October 2020.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of plant tyre repair and replacement service.

DIVIDENDS

Interim dividends totalling £11,050 per share were paid during the year. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 October 2020 will be £44,200.

DIRECTORS

The directors who have held office during the period from 1 November 2019 to the date of this report are as follows:

O Johnson - appointed 30 July 2020

A D Buffin and T E Gover were appointed as directors after 31 October 2020 but prior to the date of this report.

A R Johnson and Mrs D Johnson ceased to be directors after 31 October 2020 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 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 and then 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 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 directors are 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 each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Gopsall Audit Services Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

O Johnson - Director

1 July 2021

Report of the Independent Auditors to the Members of Tyrefix Holdings Limited

Opinion

We have audited the financial statements of Tyrefix Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 October 2020 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 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 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, 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 Directors 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 Directors 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 Report of the Directors.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Report of the Independent Auditors to the Members of
Tyrefix Holdings Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

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.

Peter White (Senior Statutory Auditor)
for and on behalf of Gopsall Audit Services Limited
Chartered Accountants
Statutory Auditor
4 HRFC Business Centre
Leicester Road
Hinckley
Leicestershire
LE10 3DR

1 July 2021

Consolidated Statement of Comprehensive Income
for the Year Ended 31 October 2020

		31.10.20		31.10.19 as restated	
	Notes	£	£	£	£
TURNOVER	5		10,278,271		11,651,806
Cost of sales			6,152,754		6,510,570
GROSS PROFIT			4,125,517		5,141,236
Administrative expenses			3,580,135		3,666,851
			545,382		1,474,385
Other operating income			308,818		8,247
OPERATING PROFIT	8		854,200		1,482,632
Income from interest in associated undertakings		13,260		-	
Interest receivable and similar income		5,983		354	
			19,243		354
			873,443		1,482,986
Interest payable and similar expenses	9		7,675		15,086
PROFIT BEFORE TAXATION			865,768		1,467,900
Tax on profit	10		166,670		277,480
PROFIT FOR THE FINANCIAL YEAR			699,098		1,190,420
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					1,190,420
Prior year adjustment	13		(41,916)		
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT			657,182		
Profit attributable to: Owners of the parent			699,098		1,190,420
Total comprehensive income attributable to: Owners of the parent			657,182		1,190,420

Consolidated Balance Sheet
31 October 2020

		31.10.20	31.10.19 as restated	1.11.18
	Notes	£	£	£
FIXED ASSETS				
Intangible assets	14	-	-	-
Tangible assets	15	1,704,908	1,842,497	1,685,746
Investments	16	50	50	50
		<u>1,704,958</u>	<u>1,842,547</u>	<u>1,685,796</u>
CURRENT ASSETS				
Stocks	17	636,400	814,412	553,771
Debtors	18	2,703,894	2,446,148	2,519,347
Cash at bank and in hand		2,538,989	1,806,492	1,007,423
		<u>5,879,283</u>	<u>5,067,052</u>	<u>4,080,541</u>
CREDITORS				
Amounts falling due within one year	19	(2,403,334)	(2,464,274)	(2,215,640)
NET CURRENT ASSETS		<u>3,475,949</u>	<u>2,602,778</u>	<u>1,864,901</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,180,907	4,445,325	3,550,697
CREDITORS				
Amounts falling due after more than one year	20	(121,724)	(66,322)	(210,252)
PROVISIONS FOR LIABILITIES	23	(147,656)	(122,374)	(42,320)
NET ASSETS		<u>4,911,527</u>	<u>4,256,629</u>	<u>3,298,125</u>
CAPITAL AND RESERVES				
Called up share capital	24	4	4	4
Retained earnings		4,911,523	4,256,625	3,298,121
SHAREHOLDERS' FUNDS		<u>4,911,527</u>	<u>4,256,629</u>	<u>3,298,125</u>

The financial statements were approved by the Board of Directors and authorised for issue on 1 July 2021 and were signed on its behalf by:

O Johnson - Director

T E Gover - Director

Company Balance Sheet
31 October 2020

		31.10.20		31.10.19 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	14		-		-
Tangible assets	15		-		-
Investments	16		<u>2</u>		<u>2</u>
			2		2
CURRENT ASSETS					
Debtors	18	-		749,002	
Cash at bank		<u>754,706</u>		<u>980</u>	
		754,706		749,982	
CREDITORS					
Amounts falling due within one year	19	<u>4,782</u>		-	
NET CURRENT ASSETS			<u>749,924</u>		<u>749,982</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>749,926</u>		<u>749,984</u>
CAPITAL AND RESERVES					
Called up share capital	24		4		4
Retained earnings			<u>749,922</u>		<u>749,980</u>
SHAREHOLDERS' FUNDS			<u>749,926</u>		<u>749,984</u>
Company's profit for the financial year			<u>44,142</u>		<u>939,980</u>

The financial statements were approved by the Board of Directors and authorised for issue on 1 July 2021 and were signed on its behalf by:

O Johnson - Director

T E Gover - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 October 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2018	4	3,256,205	3,256,209
Changes in equity			
Dividends	-	(190,000)	(190,000)
Total comprehensive income	-	1,232,336	1,232,336
Balance at 31 October 2019	4	4,298,541	4,298,545
Prior year adjustment	-	(41,916)	(41,916)
As restated	4	4,256,625	4,256,629
Changes in equity			
Dividends	-	(44,200)	(44,200)
Total comprehensive income	-	699,098	699,098
Balance at 31 October 2020	4	4,911,523	4,911,527

Company Statement of Changes in Equity
for the Year Ended 31 October 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2018	4	-	4
Changes in equity			
Dividends	-	(190,000)	(190,000)
Total comprehensive income	-	939,980	939,980
Balance at 31 October 2019	<u>4</u>	<u>749,980</u>	<u>749,984</u>
Changes in equity			
Dividends	-	(44,200)	(44,200)
Total comprehensive income	-	44,142	44,142
Balance at 31 October 2020	<u>4</u>	<u>749,922</u>	<u>749,926</u>

Consolidated Cash Flow Statement
for the Year Ended 31 October 2020

		31.10.20	31.10.19 as restated
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	1,672,085	2,274,263
Interest paid		(233)	-
Interest element of hire purchase payments paid		(7,442)	(15,086)
Tax paid		(197,426)	(183,530)
Net cash from operating activities		<u>1,466,984</u>	<u>2,075,647</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(678,215)	(958,304)
Sale of tangible fixed assets		124,463	132,172
Interest received		5,983	354
Dividends received		13,260	-
Net cash from investing activities		<u>(534,509)</u>	<u>(825,778)</u>
Cash flows from financing activities			
Capital repayments in period		49,424	(235,849)
Amount introduced by directors		21,045	-
Amount withdrawn by directors		(226,247)	(24,951)
Equity dividends paid		(44,200)	(190,000)
Net cash from financing activities		<u>(199,978)</u>	<u>(450,800)</u>
Increase in cash and cash equivalents		<u>732,497</u>	<u>799,069</u>
Cash and cash equivalents at beginning of year	2	1,806,492	1,007,423
Cash and cash equivalents at end of year	2	<u>2,538,989</u>	<u>1,806,492</u>

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 October 2020**

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

	31.10.20	31.10.19 as restated
	£	£
Profit before taxation	865,768	1,467,900
Depreciation charges	708,485	682,325
Profit on disposal of fixed assets	(17,145)	(12,944)
Finance costs	7,675	15,086
Finance income	(19,243)	(354)
	<u>1,545,540</u>	<u>2,152,013</u>
Decrease/(increase) in stocks	178,012	(260,641)
(Increase)/decrease in trade and other debtors	(53,016)	85,910
Increase in trade and other creditors	1,549	296,981
Cash generated from operations	<u><u>1,672,085</u></u>	<u><u>2,274,263</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2020

	31.10.20	1.11.19
	£	£
Cash and cash equivalents	<u>2,538,989</u>	<u>1,806,492</u>

Year ended 31 October 2019

	31.10.19 as restated	1.11.18
	£	£
Cash and cash equivalents	<u>1,806,492</u>	<u>1,007,423</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.11.19 £	Cash flow £	At 31.10.20 £
Net cash			
Cash at bank and in hand	<u>1,806,492</u>	<u>732,497</u>	<u>2,538,989</u>
	<u>1,806,492</u>	<u>732,497</u>	<u>2,538,989</u>
Debt			
Finance leases	<u>(171,624)</u>	<u>(49,423)</u>	<u>(221,047)</u>
	<u>(171,624)</u>	<u>(49,423)</u>	<u>(221,047)</u>
Total	<u><u>1,634,868</u></u>	<u><u>683,074</u></u>	<u><u>2,317,942</u></u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 October 2020

1. **STATUTORY INFORMATION**

Tyrefix 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.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **STATEMENT OF COMPLIANCE**

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.

3. **ACCOUNTING POLICIES**

Summary of significant accounting policies

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

Basis of preparing the financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the notes to the accounts.

Going Concern

The directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company and Group to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of the approval of the financial statements.

Since March 2020 the Group has been affected by the COVID-19 pandemic. With the ongoing vaccination program and the country tentatively returning to more normal working arrangements at the time of the approval of these financial statements the directors are hopeful that trading will continue to improve. The directors do, however, note that some inherent uncertainties remain, particularly in respect of national or local periods of restrictions which may affect areas in which the company operates. This uncertainty is mitigated as the Group's customers have been able to structure their operations in order for them to continue to operate throughout recent periods of restrictions.

For the purposes of assessing going concern the directors have assumed that the Group will continue to be able to provide its services to its customers. Taking this into account, the directors have concluded that there are no material uncertainties about the Group's ability to continue as a going concern and they are satisfied that the company has adequate resources to continue to meet its liabilities as they fall due and, therefore, that it remains appropriate to continue to adopt going concern basis of accounting in the preparation of the financial statements.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together made up to 31 October.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The group reconstruction to acquire the entire share capital of Tyrefix Plant Tyres (UK) Limited by way of a share for share exchange on 17 August 2018 has been accounted for using the merger accounting method.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

3. **ACCOUNTING POLICIES - continued**

Related party exemption

The company 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.

Revenue recognition

Tyre replacement and repair

The company recognises revenue upon completion of the tyre replacement or repair. Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Goodwill

Goodwill acquired in earlier periods has been fully amortised prior to 1 November 2017.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- Straight line over 20 years
Plant and machinery	- 15% on reducing balance and 10% on reducing balance
Fixtures and fittings	- 25% on cost, 25% on reducing balance, 20% on cost and 10% on reducing balance
Motor vehicles	- 25% on cost

Government grants

Government grants have been accounted for under the accrual model. The grants, which relate to revenue, are recognised as income in the same period as the expenses for which they compensate.

Investments in associates

Investments in subsidiaries and associates are held at cost less accumulated impairment losses.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the weighted average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Cash and cash equivalents

These comprise cash at bank and other short-term highly liquid bank deposits with an original maturity of three months or less.

Debtors

Debtors do not carry any interest and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Profit and Loss account when there is objective evidence that the asset is impaired.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

3. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in Other creditors in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful 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 condition of the assets. The carrying amount of tangible fixed assets is £1,704,904 (2019 £1,842,496) and is disclosed in note 15 to these financial statements.

(ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The carrying amount of Trade and Other debtors is disclosed in note 18 to these financial statements.

(iii) Provisions

Provision is made for asset retirement obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. The net carrying value of provisions is disclosed in note 23 to these financial statements.

(iv) Stock

Stock is stated at the lower of net realisable value and cost. Net realisable value is based on estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion and disposal. At the end of each reporting period inventories are assessed for impairment and an impairment charge is recognised in the profit and loss account. The net carrying value of stocks is £636,400 (2019 £814,412).

5. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

6. EMPLOYEES AND DIRECTORS

	31.10.20	31.10.19 as restated
	£	£
Wages and salaries	3,000,650	3,067,326
Social security costs	288,456	280,106
Other pension costs	146,480	201,832
	<u>3,435,586</u>	<u>3,549,264</u>

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

	31.10.20	31.10.19 as restated
Directors	3	3
Administrative	15	14
Fitters	87	86
	<u>105</u>	<u>103</u>

7. DIRECTORS' EMOLUMENTS

	31.10.20	31.10.19 as restated
	£	£
Directors' remuneration	152,867	168,732
Directors' pension contributions to money purchase schemes	80,000	150,000
Compensation to director for loss of office	<u>-</u>	<u>100,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

7. **DIRECTORS' EMOLUMENTS - continued**

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

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

The key management personnel of the group are the directors.

8. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.10.20	31.10.19 as restated
	£	£
Hire of plant and machinery	52,813	43,507
Other operating leases	229,466	187,153
Depreciation - owned assets	626,599	580,564
Depreciation - assets on hire purchase contracts	81,887	101,761
Profit on disposal of fixed assets	(17,145)	(12,944)
Auditors' remuneration	22,650	12,700
Other non- audit services	<u>1,902</u>	<u>-</u>

9. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.10.20	31.10.19 as restated
	£	£
Other interest	233	-
Hire purchase	<u>7,442</u>	<u>15,086</u>
	<u>7,675</u>	<u>15,086</u>

10. **TAXATION**

Analysis of the tax charge

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

	31.10.20	31.10.19 as restated
	£	£
Current tax:		
UK corporation tax	141,388	197,426
Deferred tax	<u>25,282</u>	<u>80,054</u>
Tax on profit	<u>166,670</u>	<u>277,480</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

10. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

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

	31.10.20	31.10.19 as restated
	£	£
Profit before tax	<u>865,768</u>	<u>1,467,900</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	164,496	278,901
Effects of:		
Expenses not deductible for tax purposes	4,693	3,759
Income not taxable for tax purposes	(2,519)	-
Adjustments to tax charge in respect of previous periods	-	(5,180)
Total tax charge	<u>166,670</u>	<u>277,480</u>

11. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

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.

12. **DIVIDENDS**

	31.10.20	31.10.19 as restated
	£	£
Ordinary shares of 1 each Interim	<u>44,200</u>	<u>190,000</u>

13. **PRIOR YEAR ADJUSTMENT**

Group

A prior year adjustment has been made to correct an understatement in accrued expenses. The impact of this adjustment is a debit to opening reserves at 1 November 2018 of £41,916, a credit to accrued expenses at 31 October 2019 by £51,748 and a debit in corporation tax liability at 31 October 2019 by £9,832.

14. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £
COST	
At 1 November 2019 and 31 October 2020	<u>426,745</u>
AMORTISATION	
At 1 November 2019 and 31 October 2020	<u>426,745</u>
NET BOOK VALUE	
At 31 October 2020	-
At 31 October 2019	-

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

15. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 November 2019	58,455	395,515	83,510	2,645,462	3,182,942
Additions	-	60,778	-	617,437	678,215
Disposals	-	(60,405)	-	(835,407)	(895,812)
At 31 October 2020	58,455	395,888	83,510	2,427,492	2,965,345
DEPRECIATION					
At 1 November 2019	34,112	107,932	70,124	1,128,277	1,340,445
Charge for year	2,922	68,220	7,693	629,651	708,486
Eliminated on disposal	-	(59,705)	-	(728,789)	(788,494)
At 31 October 2020	37,034	116,447	77,817	1,029,139	1,260,437
NET BOOK VALUE					
At 31 October 2020	21,421	279,441	5,693	1,398,353	1,704,908
At 31 October 2019	24,343	287,583	13,386	1,517,185	1,842,497

The net book value of tangible fixed assets includes £264,244 (2019 £197,322) in respect of assets held under hire purchase contracts.

16. FIXED ASSET INVESTMENTS

Group

	Interest in associate £
COST	
At 1 November 2019 and 31 October 2020	50
NET BOOK VALUE	
At 31 October 2020	50
At 31 October 2019	50
Company	
	Shares in group undertakings £
COST	
At 1 November 2019 and 31 October 2020	2
NET BOOK VALUE	
At 31 October 2020	2
At 31 October 2019	2

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

16. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Tyrefix Plant Tyres (UK) Limited

Registered office: Unit 3 Hill Lane Close, Markfield, Leicester, Leicestershire, LE67 9PY

Nature of business: Plant tyre repair and replacement services

Class of shares:	% holding	31.10.20	31.10.19
Ordinary	100.00	£	£
Aggregate capital and reserves		4,161,603	3,506,647
Profit for the year		<u>699,156</u>	<u>1,190,440</u>

The subsidiary Tyrefix Plant Tyres (UK) Limited is included in the consolidated group financial statements.

Associated companies

The group's fixed asset investments totalling £50 at the Balance Sheet date in the share capital of companies comprises the following:

A holding of 50% in the Ordinary share capital of Tyrefix UK Limited, a dormant company that had aggregate capital and reserves at 30 April 2020 of £100 (2019 £26,109).

A holding of 50% in the Ordinary share capital of Tyrefix Limited, a dormant company that had aggregate capital and reserves at 30 November 2019 of £2 (2018 £2).

The registered office address of both Tyrefix UK Limited and Tyrefix Limited is Unit 3 Hill Lane Close, Markfield, Leicester, Leicestershire, LE67 9PY.

17. **STOCKS**

	Group	
	31.10.20	31.10.19 as restated
	£	£
Stocks	<u>636,400</u>	<u>814,412</u>

18. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.10.20	31.10.19 as restated	31.10.20	31.10.19 as restated
	£	£	£	£
Trade debtors	2,099,189	2,177,644	-	-
Amounts owed by group undertakings	-	-	-	749,002
Other debtors	40,474	20,709	-	-
Directors' current accounts	225,775	21,045	-	-
Prepayments	338,456	226,750	-	-
	<u>2,703,894</u>	<u>2,446,148</u>	<u>-</u>	<u>749,002</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.10.20	31.10.19 as restated	31.10.20	31.10.19 as restated
	£	£	£	£
Hire purchase contracts (see note 21)	99,323	105,302	-	-
Trade creditors	1,663,357	1,607,128	-	-
Amounts owed to group undertakings	-	-	4,782	-
Tax	131,556	187,594	-	-
Social security and other taxes	66,857	46,695	-	-
VAT	239,401	260,265	-	-
Other creditors	42,404	9,510	-	-
Directors' current accounts	-	472	-	-
Accrued expenses	160,436	247,308	-	-
	<u>2,403,334</u>	<u>2,464,274</u>	<u>4,782</u>	<u>-</u>

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	31.10.20	31.10.19 as restated
	£	£
Hire purchase contracts (see note 21)	<u>121,724</u>	<u>66,322</u>

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31.10.20	31.10.19 as restated
	£	£
Net obligations repayable:		
Within one year	99,323	105,302
Between one and five years	<u>121,724</u>	<u>66,322</u>
	<u>221,047</u>	<u>171,624</u>

Group

	Non-cancellable operating leases	
	31.10.20	31.10.19 as restated
	£	£
Within one year	58,700	18,750
Between one and five years	<u>57,283</u>	<u>37,500</u>
	<u>115,983</u>	<u>56,250</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2020

22. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31.10.20	31.10.19 as restated
	£	£
Hire purchase contracts	<u>221,047</u>	<u>171,624</u>

Hire purchase loans are secured against the asset to which they relate.

23. PROVISIONS FOR LIABILITIES

	Group	
	31.10.20	31.10.19 as restated
	£	£
Deferred tax	<u>147,656</u>	<u>122,374</u>

Group

	Deferred tax £
Balance at 1 November 2019	122,374
Provided during year	<u>25,282</u>
Balance at 31 October 2020	<u>147,656</u>

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.10.20	31.10.19 as restated
			£	£
4	Ordinary	1	<u>4</u>	<u>4</u>

25. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The charge for the year of pension contributions payable by the group amounted to £66,480 (2019 £51,832).

At the balance sheet date the amount owed to the scheme was £8,599 (2019 £9,510).

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included in debtors at 31 October 2020 is an amount owed by Mr A R Johnson to the group of £119,571 (2019 £11,127).

Included in debtors at 31 October 2020 is an amount owed by Mrs D Johnson to the group of £106,203 (2019 £9,917).

Interest is charged on overdrawn directors loan accounts at HMRC official rate.

27. RELATED PARTY DISCLOSURES

The group has paid rent of £29,923 (2019 £24,948) into the pension trust of a director.

The group has entered into the following transactions with a partnership under common control:

- The group has paid rent of £79,250 (2019 £63,400) to the partnership.
- During the year the group sold items of plant and machinery to the partnership for sales proceeds of £700 (2019 £500). At the date of disposal the Net Book Value of the plant and machinery was £700 (2019 £500).
- At the balance sheet date the group was owed £61,774 (2019 £49,689) from the partnership. This balance is presented within trade debtors £37,406 (2019 £40,442) and within other debtors £24,368 (2019 £9,247).

28. ULTIMATE CONTROLLING PARTY

The smallest and largest group to consolidate these financial statements is Tyrefix Holdings Limited.

The ultimate holding company is Literacy Capital plc (Company Number 10976145). Literacy Capital plc does not have an ultimate controlling party.

29. GOVERNMENT GRANTS

Government grants are recognised as income in Other operating income of £299,683 (2019 - £nil) and relate to claims made under the Coronavirus Job Retention Scheme.

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