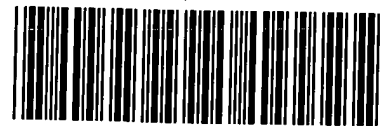


Company Registration No. NI072901 (Northern Ireland)

**DESMOND SIMPSON & SONS LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

MONDAY



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# DESMOND SIMPSON & SONS LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr D Simpson Mrs D Simpson Mr N Simpson Mr G Simpson Mr P Simpson
<b>Company number</b>	NI072901
<b>Registered office</b>	82-86 Coagh Street Cookstown Co Tyrone BT80 8NQ
<b>Auditor</b>	David Lyttle + Co Ltd Station House 46 Molesworth Street Cookstown Co Tyrone BT80 8PA
<b>Bankers</b>	First Trust Bank 18-20 Scotch Street Dungannon BT70 1AZ
<b>Solicitors</b>	Doris and MacMahon 63 James Street Cookstown Co Tyrone BT80 8AE

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# DESMOND SIMPSON & SONS LTD

## CONTENTS

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	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 23

The following pages do not form part of the statutory financial statements:

Detailed trading and profit and loss account	24
Schedule of administrative expenses	25

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# DESMOND SIMPSON & SONS LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2020**

The directors present the strategic report for the year ended 31 March 2020.

### Fair review of the business

The directors consider the results for the year and the financial position of the company at the year end to be satisfactory. The underlying trade continues to be strong with growth achieved in turnover and gross margin.

### Principal risks and uncertainties

#### Risks and Uncertainties

The Directors have identified the following areas of risk and uncertainty:-

#### Business Performance

Business performance is dependent on both market conditions and internal factors. The Directors seek to control this risk through the consistent implementation of good financial and operational controls.

#### Management and Employees

The Directors recognise the importance of recruitment, training and retention of a highly skilled and motivated workforce. There is risk that future growth could be impeded due to a lack of skilled resources. This risk is being addressed by internal training and development programmes.

#### Environment

The company recognises its responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation and prevent pollution.

#### Health and Safety

The company is committed to achieving the highest practicable standards in health and safety and strives to ensure that all equipment and premises are safe for customers and employees alike.

### Key performance indicators

The directors have determined that the following key performance indicators are the most effective measures to evaluate the performance of the business:

	2019	2018
	£	£
Turnover	14,429,240	13,021,099
Profit/(loss) before taxation	1,064,494	926,136

On behalf of the board



Mr D Simpson

**Director**

23 September 2020

# **DESMOND SIMPSON & SONS LTD**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2020**

---

The directors present their annual report and financial statements for the year ended 31 March 2020.

### **Principal activities**

The principal activity of the company continued to be that of the selling and distribution of tyres.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Simpson  
Mrs D Simpson  
Mr N Simpson  
Mr G Simpson  
Mr P Simpson

### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £342,000. The directors do not recommend payment of a further dividend.

### **Auditor**

In accordance with the company's articles, a resolution proposing that David Lyttle + Co Ltd be reappointed as auditor of the company will be put at a General Meeting.

### **Statement of directors' responsibilities**

The directors are responsible 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 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 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **DESMOND SIMPSON & SONS LTD**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

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On behalf of the board

A handwritten signature in black ink, appearing to read 'M.D. Simpson', is written over the printed name.

M.D. Simpson

**Director**

23 September 2020

# **DESMOND SIMPSON & SONS LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2020***

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The directors are responsible 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 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 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.

# DESMOND SIMPSON & SONS LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DESMOND SIMPSON & SONS LTD

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#### Opinion

We have audited the financial statements of Desmond Simpson & Sons Ltd (the 'company') for the year ended 31 March 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the 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 *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 March 2020 and of its 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 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 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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 our audit:

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



# **DESMOND SIMPSON & SONS LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DESMOND SIMPSON & SONS LTD**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Other matters which we are required to address**

Other matters which we are required to address

# **DESMOND SIMPSON & SONS LTD**

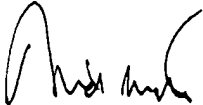
## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DESMOND SIMPSON & SONS LTD**

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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.



**David Lyttle (Senior Statutory Auditor)**  
**For and on behalf of David Lyttle + Co Ltd**

23 September 2020

**Chartered Accountants**  
**Statutory Auditor**

Station House  
46 Molesworth Street  
Cookstown  
Co Tyrone  
BT80 8PA

# DESMOND SIMPSON & SONS LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	15,184,700	14,429,240
Cost of sales		(14,346,114)	(12,666,141)
<b>Gross profit</b>		<b>838,586</b>	<b>1,763,099</b>
Administrative expenses		(602,177)	(664,174)
Other operating income		421	723
<b>Operating profit</b>	4	<b>236,830</b>	<b>1,099,648</b>
Interest payable and similar expenses	7	(59,028)	(35,154)
<b>Profit before taxation</b>		<b>177,802</b>	<b>1,064,494</b>
Tax on profit		(39,525)	(208,796)
<b>Profit for the financial year</b>		<b>138,277</b>	<b>855,698</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# DESMOND SIMPSON & SONS LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

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	2020 £	2019 £
Profit for the year	138,277	855,698
Other comprehensive income	-	-
Total comprehensive income for the year	<u>138,277</u>	<u>855,698</u>

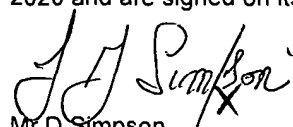
# DESMOND SIMPSON & SONS LTD

## BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	9	2,433,201		2,084,073	
<b>Current assets</b>					
Stocks	10	837,589		1,787,031	
Debtors	11	2,633,851		2,713,924	
Cash at bank and in hand		66,942		31,719	
		<u>3,538,382</u>		<u>4,532,674</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,145,528)</u>		<u>(2,717,341)</u>	
<b>Net current assets</b>		1,392,854		1,815,333	
<b>Total assets less current liabilities</b>		<u>3,826,055</u>		<u>3,899,406</u>	
<b>Creditors: amounts falling due after more than one year</b>	13	(119,347)		(31,200)	
<b>Provisions for liabilities</b>	19	(101,199)		(58,974)	
<b>Net assets</b>		<u>3,605,509</u>		<u>3,809,232</u>	
<b>Capital and reserves</b>					
Called up share capital	17	500,000		500,000	
Profit and loss reserves		3,105,509		3,309,232	
<b>Total equity</b>		<u>3,605,509</u>		<u>3,809,232</u>	

The financial statements were approved by the board of directors and authorised for issue on 23 September 2020 and are signed on its behalf by:

  
Mr D Simpson  
Director

Company Registration No. NI072901

# DESMOND SIMPSON & SONS LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018		500,000	2,712,634	3,212,634
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	855,698	855,698
Dividends	8	-	(259,100)	(259,100)
Balance at 31 March 2019		500,000	3,309,232	3,809,232
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	138,277	138,277
Dividends	8	-	(342,000)	(342,000)
Balance at 31 March 2020		500,000	3,105,509	3,605,509

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Company information

Desmond Simpson & Sons Ltd is a private company limited by shares incorporated in Northern Ireland. The registered office is 82-86 Coagh Street, Cookstown, Co Tyrone, BT80 8NQ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Plant and equipment	25% reducing balance
Fixtures and fittings	20% reducing balance
Computers	33.3% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.



# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

---

#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### **1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Sale and distribution of tyres	15,184,700	14,429,240
	<u>                    </u>	<u>                    </u>
	2020 £	2019 £
<b>Other significant revenue</b>		
Grants received	-	723
	<u>                    </u>	<u>                    </u>

### 4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	16,185	(51,899)
Government grants	-	(723)
Fees payable to the company's auditor for the audit of the company's financial statements	3,500	3,500
Depreciation of owned tangible fixed assets	137,561	128,261
Depreciation of tangible fixed assets held under finance leases	18,058	22,986
Profit on disposal of tangible fixed assets	(18,858)	(3,573)
	<u>                    </u>	<u>                    </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £16,185 (2019 - £51,899).

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2020 Number	2019 Number
18	17
<u>                    </u>	<u>                    </u>

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 5 Employees

(Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	342,226	320,636
Social security costs	23,510	22,594
Pension costs	5,568	3,410
	<u>371,304</u>	<u>346,640</u>

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>19,479</u>	<u>18,208</u>

### 7 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	54,753	33,239
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	3,811	1,512
Other interest	464	403
	<u>59,028</u>	<u>35,154</u>

### 8 Dividends

	2020 £	2019 £
Final paid	<u>342,000</u>	<u>259,100</u>

# **DESMOND SIMPSON & SONS LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2020**

### **9 Tangible fixed assets**

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 April 2019	2,099,912	99,306	31,065	30,433	804,293	3,065,009
Additions	229,002	2,622	988	1,400	310,871	544,883
Disposals	-	-	-	-	(262,389)	(262,389)
At 31 March 2020	2,328,914	101,928	32,053	31,833	852,775	3,347,503
<b>Depreciation and impairment</b>						
At 1 April 2019	266,884	91,969	36,483	23,501	562,098	980,935
Depreciation charged in the year	35,349	10,079	1,273	6,915	102,003	155,619
Eliminated in respect of disposals	-	-	-	-	(222,252)	(222,252)
At 31 March 2020	302,233	99,048	43,756	27,416	441,849	914,302
<b>Carrying amount</b>						
At 31 March 2020	2,026,681	(120)	(5,703)	1,417	410,926	2,433,201
At 31 March 2019	1,833,027	7,337	(5,418)	6,932	242,195	2,084,073

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 9 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Motor vehicles	209,834	68,958
Depreciation charge for the year in respect of leased assets	18,058	22,986

### 10 Stocks

	2020 £	2019 £
Finished goods and goods for resale	837,589	1,787,031

### 11 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,411,972	2,512,565
Other debtors	209,208	190,478
Prepayments and accrued income	12,671	10,881
	2,633,851	2,713,924

### 12 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	14	346,023	1,118,653
Obligations under finance leases		111,314	15,600
Trade creditors		900,148	1,214,613
Corporation tax		(2,700)	217,270
Other taxation and social security		155,829	6,851
Other creditors		4,402	5,565
Accruals and deferred income		630,512	138,789
		2,145,528	2,717,341

# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 13 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases		119,347	31,200

### 14 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	346,023	1,118,653
Payable within one year	346,023	1,118,653

The bank overdraft is secured by a fixed and floating charge over all company assets including a specific charge over 82/86 and 88 Coagh Street, a personal letter of guarantee, assignment over life policies and a counter indemnity in respect of guarantee in favour of HM Revenue and Customs.

### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	101,711	58,974
<b>Movements in the year:</b>		2020 £
Liability at 1 April 2019		58,974
Charge to profit or loss		42,737
Liability at 31 March 2020		101,711

### 16 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	5,568	3,410



# DESMOND SIMPSON & SONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 17 Share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
24,250,000 Ordinary A shares of 1p each	242,500	242,500
24,250,000 Ordinary B shares of 1p each	242,500	242,500
500,000 Ordinary C shares of 1p each	5,000	5,000
500,000 Ordinary D shares of 1p each	5,000	5,000
500,000 Ordinary E shares of 1p each	5,000	5,000
	<u>500,000</u>	<u>500,000</u>

### 18 Contingent liabilities

The company had no contingent liabilities at 31 March 2020 or at 31 March 2019.

### 19 Capital commitments

The company had no capital commitments at 31 March 2020 or at 31 March 2019.

### 20 Events after the reporting date

In March 2020, the World Health Organisation officially declared COVID-19 a pandemic. While it is still too early to determine the ultimate commercial impact of the pandemic on the Company it is possible that there will be a material impact on the financial position of the company in the next 12 months. The Company is continuing to work with its suppliers, customers and employees to mitigate the impact of COVID-19 on the operations of the Company.

### 21 Directors' transactions

Dividends totalling £342,000 (2019 - £259,100) were paid in the year in respect of shares held by the company's directors.

### 22 Ultimate controlling party

The ultimate controlling parties are Mr & Mrs Desmond Simpson due to their shareholding in the company.

# **DESMOND SIMPSON & SONS LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2020**

### **23 Cash generated from operations**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	138,277	855,698
<b>Adjustments for:</b>		
Taxation charged	39,525	208,796
Finance costs	59,028	35,154
Gain on disposal of tangible fixed assets	(18,858)	(3,575)
Depreciation and impairment of tangible fixed assets	155,619	151,249
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	949,442	(521,265)
Decrease in debtors	80,073	411,348
Increase/(decrease) in creditors	325,073	(154,313)
<b>Cash generated from operations</b>	<u>1,728,179</u>	<u>983,092</u>

### **24 Analysis of changes in net debt**

	<b>1 April 2019</b>	<b>Cash flows</b>	<b>31 March 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	31,719	35,223	66,942
Bank overdrafts	(1,118,653)	772,630	(346,023)
	<u>(1,086,934)</u>	<u>807,853</u>	<u>(279,081)</u>
Obligations under finance leases	(46,800)	(183,861)	(230,661)
	<u>(1,133,734)</u>	<u>623,992</u>	<u>(509,742)</u>