

R. & R.C. Bond (Wholesale) Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2018



R. & R.C. Bond (Wholesale) Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R.C. Bond
G.R. Bond
L. Bond
M.I. Bond
C.S. Bond
K. Pickering (Appointed 17 April 2019)
T.R.G Lanham (Appointed 17 April 2019)
S.J Ewbank (Appointed 17 April 2019)
D.A. Rann (Appointed 17 April 2019)
R.M. Eeles (Appointed 1 May 2019)
I. Serginson (Appointed 3 June 2019)

SECRETARY

I. Serginson

REGISTERED OFFICE

One General Street
Pocklington Industrial Estate
Pocklington
York
YO42 1NR

AUDITOR

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

R. & R.C. Bond (Wholesale) Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of R. & R.C. Bond (Wholesale) Limited for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principle activity of the company is the wholesale distribution of passenger car tyres. The company is the leading independent family owned wholesaler of tyres in the UK market, covering the whole of the UK with same day & next day delivery from strategically placed warehouses.

GOING CONCERN

There are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

FUTURE DEVELOPMENTS

Due to the challenges continued to be posed from the BREXIT negotiations, along with worldwide political uncertainty, the company continues to look for ways it can improve the way it supplies and services its ever-expanding customer base, by maximising internal efficiencies to ensure customer satisfaction.

The company will continue to manage its credit risk closely due to the current economic conditions.

The completion of the Company's new 100,000 sqft warehouse at Tamworth during the first quarter of 2018, and the opening of the new Bracknell depot during the second quarter of 2019, has allowed it to build on its strong presence in those areas.

The Directors believe the Company continues to be well positioned in the market place and has funding in place to meet its future commitments, and any other future plans.

DISABLED PERSONS

The Company is an equal opportunities employer. We guarantee an interview to all suitable applicants providing the selection criteria are met. Employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the company.

During employment, the Company seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

EMPLOYEE INVOLVEMENT

The company offers equal opportunities and treatment to all regardless of religion, gender, ethnic origin, disability and age. All applicants and employees will be treated equally in respect of employment, career development, training, pay and other employment policies. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training will be arranged.

ENVIRONMENTAL POLICIES

The company takes measures, where possible to reduce its carbon footprint, by educating employees of their responsibilities, taking measures to monitor and reduce its energy consumption where it can.

R. & R.C. Bond (Wholesale) Limited

DIRECTORS' REPORT (Continued)

THE DIRECTORS

The directors who served the Company during the year were as follows:

R.C. Bond
G.R. Bond
G.J. Martin (resigned 14 June 2019)
L. Bond
M.I. Bond
C.S. Bond

The Company has insurance to indemnify directors and officers against claims.

AUDITORS

Mazars LLP has indicated its willingness to continue in office.

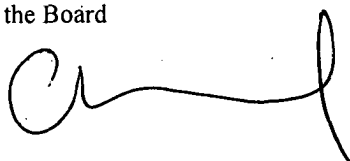
POST BALANCE SHEET EVENTS

Dividends totalling £211,092 have been declared and paid to shareholders post year end.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

By order of the Board



G. R. Bond

Director

6 September 2019

R. & R.C. Bond (Wholesale) Limited

STRATEGIC REPORT

REVIEW OF THE BUSINESS

2018 saw the opening of the Company's new Tamworth depot, improving the product range, and service offered to customers in the catchment area.

Whilst uncertainty surrounding BREXIT, continued to weigh on the FOREX market place presenting many uncertainties, with Sterling weakening against both the US Dollar & Euro over the year.

RISKS AND UNCERTAINTIES

The Company's principal financial instruments comprise bank overdraft and documentary credit facilities, aided by invoice discounting, a stock finance facility and finance leases.

Key risks to the Company are credit, foreign currency, cash flow and supply chain. The company has policies in place to manage and monitor each of these by forward planning.

The Company actively manages all facilities and its supply chain, constantly reviewing any exposure to risks and reacting accordingly. The majority of its products are imported from overseas which exposes the Company to fluctuations in exchange rates. The Company manages this risk by using hedging agreements to reduce significant movements and minimise exposure.

The Directors see the major economic risk being from interest rates, however they will continue to minimise the risks and uncertainties of the Company with prudent exchange rate and interest policies. Risk from debt exposure is minimised with a diversified customer base, strong credit control and support by credit insurance. There will continue to be additional challenges posed by the BREXIT negotiations, & worldwide political uncertainties, however the company will continually look at ways to enhance its offering to the business and the public, and continue to manage its credit risk closely due to the current economic conditions, to maintain its competitive advantage.

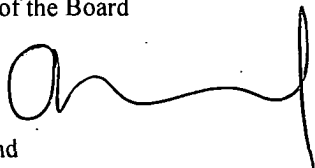
The directors believe the measures taken to safeguard its credit risks will allow the Company to continue to trade successfully in the current economic environment.

KEY PERFORMANCE INDICATORS

The directors consider some major KPI's to monitor the performance of the Company which are, turnover and margin levels, along with stock turn, creditor and debtor days.

The directors do not believe that there are any non-financial key performance indicators that are relevant.

By order of the Board



G. R. Bond

Director

6 September 2019

R. & R.C. Bond (Wholesale) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report, Strategic 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R. & R.C. BOND (WHOLESALE) LIMITED

Opinion

We have audited the financial statements of R. & R.C. Bond (Wholesale) Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the 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 December 2018 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 4.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R. & R.C. BOND (WHOLESALE) LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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.

Matters on which we are required to report by exception

In 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 or the Directors' Report.

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

- adequate accounting records have not been kept, 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 set out on page 5, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
R. & R.C. BOND (WHOLESALE) LIMITED

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Shaun Mullins (Senior statutory auditor)

For and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 9.9.2019

R. & R.C. Bond (Wholesale) Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	<i>Notes</i>	2018 £	2017 As restated £
Turnover	1	162,201,237	142,472,228
Cost of sales		(134,801,496)	(119,035,503)
GROSS PROFIT		27,399,741	23,436,725
Distribution costs		(11,724,310)	(10,889,287)
Administrative expenses		(8,394,088)	(9,019,429)
Other operating income	2	189,644	181,974
OPERATING PROFIT	2	7,470,988	3,709,983
Interest payable and similar charges	5	(1,109,984)	(667,103)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,361,004	3,042,880
Taxation	6	(1,335,211)	(669,739)
PROFIT FOR THE FINANCIAL YEAR		5,025,793	2,373,141

The operating profit for the year arises from the Company's continuing operations.

The notes on pages 13 to 31 form part of these financial statements.

R. & R.C. Bond (Wholesale) Limited

STATEMENT OF FINANCIAL POSITION

31 December 2018

Company Registration No. 01024495

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	7	234,955	206,936
Tangible assets	8	27,552,453	25,013,354
Investment properties	9	2,129,914	2,129,914
Investments	10	175,101	175,151
		<u>30,092,423</u>	<u>27,525,355</u>
CURRENT ASSETS			
Stocks	11	35,142,254	27,308,670
Debtors	12	27,533,124	24,095,800
Cash at bank and in hand		10,632	1,366,403
		<u>62,686,010</u>	<u>52,770,873</u>
CREDITORS			
Amounts falling due within one year	13	54,570,245	51,907,776
NET CURRENT ASSETS			
		<u>8,115,815</u>	<u>863,097</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>38,208,288</u>	<u>28,388,452</u>
CREDITORS			
Amounts falling due after more than one year	14	16,946,101	11,215,142
Provision for liabilities	19	239,400	176,316
NET ASSETS			
		<u>21,022,787</u>	<u>16,996,994</u>
CAPITAL AND RESERVES			
Called up equity share capital	23	1,000	1,000
Revaluation reserve	23	1,221,128	1,221,128
Profit and loss account	23	19,800,659	15,774,866
TOTAL EQUITY			
		<u>21,022,787</u>	<u>16,996,994</u>

The financial statements on pages 7 to 31 were approved by the board of directors and authorised for issue on ~~6 September~~ 2019 and are signed on their behalf by:



G R Bond
Director

The notes on pages 13 to 31 form part of these financial statements.

R. & R.C. Bond (Wholesale) Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2017	1,000	1,221,128	13,401,725	14,623,853
Profit for the year	-	-	2,373,141	2,373,141
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,000	1,221,128	15,774,866	16,996,994
Profit for the year	-	-	5,025,793	5,025,793
Dividends paid during the year	-	-	(1,000,000)	(1,000,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	<u>1,000</u>	<u>1,221,128</u>	<u>19,800,659</u>	<u>21,022,787</u>

R. & R.C. Bond (Wholesale) Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	<i>Notes</i>	2018 £	2017 £
OPERATING ACTIVITIES			
Cash generated from operations	25a	2,052,203	4,230,535
Income taxes paid		<u>(897,444)</u>	<u>(518,978)</u>
NET CASH FROM OPERATING ACTIVITIES		<u>1,154,759</u>	<u>3,711,557</u>
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(97,959)	(197,973)
Purchase of tangible fixed assets		(2,166,474)	(9,630,590)
Proceeds on disposal of tangible fixed assets		285,109	379,676
Purchase of subsidiary		-	(101)
NET CASH USED IN INVESTING ACTIVITIES		<u>(1,979,324)</u>	<u>(9,448,988)</u>
FINANCING ACTIVITIES			
Proceeds of new borrowings		16,425,650	14,900,840
Repayments of borrowings		(14,227,207)	(9,659,494)
Increase in invoice discounting facility		3,432,311	1,233,466
Capital element of finance leases		(804,237)	(1,123,881)
Interest paid		(528,911)	(226,834)
Finance charges		(63,480)	(36,710)
Other similar charges payable		(517,593)	(403,559)
Dividends paid		(1,000,000)	-
NET CASH FROM FINANCING ACTIVITIES		<u>2,716,533</u>	<u>4,683,828</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>1,891,968</u>	<u>(1,053,603)</u>
Cash and cash equivalents at beginning of year		(1,914,170)	(860,567)
Cash and cash equivalents	25b	<u>(22,202)</u>	<u>(1,914,170)</u>
RELATING TO:			
Cash at bank		10,632	1,366,403
Bank overdraft included in creditors: amounts falling due within one year		<u>(32,834)</u>	<u>(3,280,573)</u>
		<u>(22,202)</u>	<u>(1,914,170)</u>

R. & R.C. Bond (Wholesale) Limited

ACCOUNTING POLICIES

For the year ended 31 December 2018

COMPANY INFORMATION

R. & R. C. Bond (Wholesale) Limited is a private company limited by shares incorporated in England and Wales. The registered office is One General Street, Pocklington Industrial Estate, Pocklington, York, YO42 1NR.

The Company's principal activity is disclosed in the Directors' Report.

BASIS OF ACCOUNTING

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 on the historical cost convention, modified to include the revaluation of certain tangible fixed assets and investment properties. The principal accounting policies adopted are set out below.

The financial statements present information about the Company as an individual undertaking and not about its group, as the Company has taken advantage of the exemption provided by section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors consider that the Company's subsidiary should be excluded from consolidation on the basis that they are immaterial for the purpose of giving a true and fair view (individually and collectively).

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report on pages 2 to 4. The Company meets its day-to-day working capital requirements through bank overdraft, documentary credit facilities including stock finance and invoice discounting facilities. Although the current economic conditions can create uncertainty in currency dealings potentially affecting the cost of tyres, movements in costs of dollar and euro based tyres will always be followed by comparable movements in sales prices as the Company operates in a global market.

The Company's forecasts and projections to 31 December 2019, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its current facilities. The Company has maintained a good relationship with its bankers. The Company has held discussions with its bankers about its future borrowing requirements and there are no issues to suggest that current facilities will not continue.

The directors are happy that the Company has adequate resources to fund its expansion for the foreseeable future and accordingly continue to adopt the going concern basis of accounting in preparing the financial statements.

TURNOVER

Turnover is recognised in the statement of comprehensive income at the fair value of the consideration received or receivable for the sale of goods in the ordinary nature of the business. Turnover is shown net of Value Added Tax.

The company sells tyres to customers. Turnover is recognised on delivery of the goods to the customer. Credit terms are given to customers which are consistent within the industry.

INTANGIBLE FIXED ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are depreciated over their useful life as follow:-

Computer software	-	Straight line over 4 years
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R. & R.C. Bond (Wholesale) Limited

ACCOUNTING POLICIES (Continued)

For the year ended 31 December 2018

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold buildings	-	Between 25 and 50 years
Leasehold improvements	-	Over the term of the lease
Plant and machinery	-	Between 4 and 10 years
Fixtures and fittings	-	Between 4 and 10 years
Motor vehicles	-	Between 3 and 4 years

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.

IMPAIRMENT OF FIXED ASSETS

At each reporting end date, the Company reviews the carrying amounts of its fixed 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.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

INVESTMENT PROPERTIES

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

INVESTMENTS

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit or loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which is recognised at cost less impairment until a reliable measure of fair value becomes available.

Provision is made for any impairment in the value of fixed asset investments.

R. & R.C. Bond (Wholesale) Limited

ACCOUNTING POLICIES (Continued)

For the year ended 31 December 2018

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Costs include all costs of purchase and any other costs incurred in bringing stock to its present location and condition. Cost is determined using the weighted average cost basis.

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 statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income recognised on a straight line basis over the lease of the term.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts, and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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 tangible fixed assets.

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

R. & R.C. Bond (Wholesale) Limited

ACCOUNTING POLICIES (Continued)

For the year ended 31 December 2018

RETIREMENT BENEFITS

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

FOREIGN CURRENCIES

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

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, in full, to all of its financial instruments.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FINANCIAL ASSETS

Trade and other debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtors over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Trade investments

Trade investments are equity investments over which the Company has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

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.

FINANCIAL LIABILITIES

Financial liabilities are classified as liabilities and equity instruments according to the substance of the contractual arrangement 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.

Trade and other creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts to be settled.

R. & R.C. Bond (Wholesale) Limited

ACCOUNTING POLICIES (Continued)

For the year ended 31 December 2018

FINANCIAL LIABILITIES (continued)

Borrowings

Borrowings are initially recognised at the transition price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

OTHER FINANCIAL LIABILITIES

Derivatives, including 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.

DERECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

EQUITY INSTRUMENTS

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

CRITICAL JUDGEMENTS

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimations.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets

The assessment of the useful economic lives and the method of depreciating tangible fixed assets requires judgement by the directors to ensure that assets match the future economic benefits embodied in them.

Debtors

The Company makes a judgement of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating, the ageing profile and historical experience of the customer.

Stocks

The Company makes a judgement of whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. The management consider the estimated selling price less any costs to sell the stock.

R. & R.C. Bond (Wholesale) Limited

ACCOUNTING POLICIES (Continued)

For the year ended 31 December 2018

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

Derivatives

The Company utilises derivatives however these are deemed not to be material by the directors and therefore the financial impact of these have been excluded from the financial statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Depreciation

Depreciation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the Company expects to consume the future economic benefits embodied in the assets.

Foreign currencies

The Company make currency trades and agrees to purchase stocks using forward contracts. This requires management to make estimates of future exchange rates and market volatility.

R. & R.C. Bond (Wholesale) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company. The company operates in the UK. Turnover is primarily derived from sales in the UK with sales to other EU countries considered insignificant to the financial statements.

2 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Property rental income	(189,644)	(181,974)
Depreciation of owned tangible fixed assets	600,082	496,824
Depreciation of tangible fixed assets held under hire purchase agreements	913,375	825,943
Profit on disposal of tangible fixed assets	(112,367)	(80,624)
Amortisation of intangible fixed assets	69,952	22,470
Amounts payable to auditors in respect of audit and non-audit services		
Audit services – statutory audit	35,000	35,000
Tax services – compliance services	-	17,010
Other services	-	17,500
Operating lease costs	342,641	305,514
Exchange rate loss/(gain)	13,780	(33,806)
Costs of stock recognised as an expense	<u>126,434,553</u>	<u>119,035,503</u>

3 PARTICULARS OF EMPLOYEES

The average monthly number of persons (including directors) employed by the Company during the financial year amounted to:

	2018	2017
	No	No
Administration	37	33
Sales	58	60
Warehouse and distribution	255	238
	<u>350</u>	<u>331</u>

Staff costs for the above persons:

	2018	2017
	£	£
Wages and salaries	10,019,144	9,448,041
Social security costs	1,002,574	842,177
Other pension costs	230,717	217,639
	<u>11,252,435</u>	<u>10,507,857</u>

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2018

4 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2018	2017
	£	£
Emoluments receivable	1,195,887	1,561,451
Company contributions to money purchase schemes	48,000	49,967
Compensation for loss of office	-	50,000
	<u>1,243,887</u>	<u>1,661,418</u>

The number of directors who accrued benefits under Company pension schemes was as follows:

	2018	2017
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

Emoluments of highest paid director:

	2018	2017
	£	£
Emoluments for qualifying services	<u>503,900</u>	<u>503,900</u>

The highest paid director received nil pension contributions from the company during the 2018 or 2017 year.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Interest payable on bank borrowing	528,911	226,834
Interest on finance leases	63,480	36,710
Other similar charges payable	517,593	403,559
	<u>1,109,984</u>	<u>667,103</u>

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2018

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2018	2017
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2017 – 19.25%)	1,277,619	659,545
(Over)/under provision in prior year	(5,492)	368
Total current tax charge	<u>1,272,127</u>	<u>659,913</u>
Deferred tax:		
Origination and reversal of timing differences	57,421	9,826
Adjustments in respect of prior periods	5,663	-
Total deferred tax (note 19)	<u>63,084</u>	<u>9,826</u>
Total tax on profit on ordinary activities	<u>1,335,211</u>	<u>669,739</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2017 – higher) than the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018	2017
	£	£
Profit on ordinary activities before taxation	<u>6,361,003</u>	<u>3,042,880</u>
Profit on ordinary activities by rate of tax	1,208,591	585,648
Expenses not deductible for tax purposes	53,679	85,022
Fixed asset differences	79,526	-
Adjustments relating to changes in tax rates	(6,756)	(1,299)
Adjustments to tax charges in respect of prior periods	171	368
Tax expense for the year	<u>1,335,211</u>	<u>669,739</u>

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

7 INTANGIBLE FIXED ASSETS

	Computer Software £	Total £
Cost		
At 1 January 2018	769,235	769,235
Additions	97,971	97,959
At 31 December 2018	<u>867,206</u>	<u>867,194</u>
Depreciation		
At 1 January 2018	562,299	562,299
Charge for the year	69,952	69,952
At 31 December 2018	<u>632,251</u>	<u>632,251</u>
Carrying amount		
At 31 December 2018	<u>234,955</u>	<u>234,943</u>
At 31 December 2017	<u>206,936</u>	<u>206,936</u>

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2018	23,899,552	2,793,083	263,767	2,831,549	29,787,952
Additions	1,518,414	1,069,272	17,392	1,732,586	4,337,664
Disposals	-	-	-	(1,399,115)	(1,399,115)
At 31 December 2018	<u>25,417,966</u>	<u>3,862,356</u>	<u>281,159</u>	<u>3,165,020</u>	<u>32,726,501</u>
Depreciation					
At 1 January 2018	1,284,793	1,986,649	175,710	1,327,445	4,774,598
Charge for the year	465,433	182,942	49,387	815,695	1,513,456
On disposals	-	-	-	(1,114,006)	(1,114,006)
At 31 December 2018	<u>1,750,227</u>	<u>2,169,591</u>	<u>225,096</u>	<u>1,029,134</u>	<u>5,174,048</u>
Carrying amount					
At 31 December 2018	<u>23,667,739</u>	<u>1,692,765</u>	<u>56,062</u>	<u>2,135,886</u>	<u>27,552,453</u>
At 31 December 2017	<u>22,614,759</u>	<u>806,434</u>	<u>88,057</u>	<u>1,504,104</u>	<u>25,013,354</u>

On adoption of FRS 102, the Company followed the transitional provision to use revaluation as deemed cost, and not adopt a policy of revaluations of these assets in the future.

R. & R.C. Bond (Wholesale) Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2018

If land and buildings were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2018	2017
	£	£
Cost	1,058,319	1,058,319
Accumulated depreciation	-	-
Carrying amount	<u>1,058,319</u>	<u>1,058,319</u>

Included in freehold property is freehold land valued at £11,644,483 (2017 - £11,644,483) and assets under the course of construction for the value of £nil (2017 - £5,564,726) which are not depreciated.

Finance leases

Included within the net book value of is £3,814,249 (2017 - £1,890,807) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £913,375 (2017 - £825,943).

The Company has pledged land and buildings, having a net book value of £23,667,739 (2017 - £22,614,759) to secure its bank loans (notes 13 and 14) by way of a fixed charge.

9 INVESTMENT PROPERTIES

	£
FAIR VALUE	
At 1 January 2018	2,129,914
At 31 December 2018	<u>2,129,914</u>

The fair value of the properties has been assessed by the directors as at 31 December 2018 as £2,129,914 being the original cost.

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

10 FIXED ASSET INVESTMENTS

	Share in Subsidiaries £	Shares in Joint Venture £	Trade Investment £	Total £
Cost				
At 1 January 2018	101	50	175,000	175,151
Write offs	-	(50)	-	(50)
At 31 December 2018	<u>101</u>	<u>-</u>	<u>175,000</u>	<u>175,101</u>
Carrying amount				
At 31 December 2018	<u>101</u>	<u>-</u>	<u>175,000</u>	<u>175,101</u>
At 31 December 2017	<u>101</u>	<u>50</u>	<u>175,000</u>	<u>175,151</u>

The financial statements present information about the Company as an individual undertaking and not about its group, as the Company has taken advantage of the exemption provided by section 402 of the Companies Act 2006 not to prepare group financial statements.

Other investment

The Company owns all of the non-voting B ordinary shares, 44.24% of the issued ordinary share capital of The Tyre Store Limited, a Company incorporated in England and Wales. The Company has no significant influence over operating and financial policies of The Tyre Store Limited. As such it is not consolidated and is treated as an investment for accounting purposes. The Company's registered office is Unit 3 lo Centre, Fingle Drive, Stonebridge, Milton Keynes, Buckinghamshire, MK13 0AT.

Shares in associate

The Company owns 50% of the issued ordinary share capital of Boco Tyres Limited, a Company incorporated in England. The Company was incorporated on 3 September 2013. The principal activity of the joint venture Company is that of e-commerce tyre distribution. The Company's share of the results of Boco Tyres Limited have not been included in these financial statements as they are immaterial for the purpose of giving a true and fair view. The company's registered office is Colewood House, 1 Kingfisher Court, Bowesfield Park, Stockton on Tees, Cleveland, United Kingdom, TS18 3EX.

Boco Tyres Limited period ended 28 February 2018	28 February 2018 £	30 September 2016 £
Capital and reserves	<u>-</u>	<u>100</u>
Profit for the period	<u>-</u>	<u>58,685</u>

The Company owns 100% of the issued ordinary share capital of Admiral Tyres Limited, a Company incorporated in England, which was dormant throughout the current and previous year.

	2018 £	2017 £
Aggregate capital and reserves		
Admiral Tyres Ltd	<u>1</u>	<u>1</u>
Tyresavings Limited	<u>100</u>	<u>100</u>

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

11 STOCKS

	2018	2017
	£	£
Goods for resale	<u>35,142,254</u>	<u>27,308,670</u>

12 DEBTORS

	2018	2017
	£	£
Trade debtors	26,887,572	23,126,307
Other debtors	213,090	228,138
Prepayments and accrued income	432,462	741,355
	<u>27,533,124</u>	<u>24,095,800</u>

Trade debtors are inclusive of a cumulative bad debt provision of £3,833,449 (2017: £3,538,091), this consists of specific provisions in respect of trade debtors due from customers who are known to be in financial difficulty and from whom payment was overdue by more than three months.

The invoice discounting facility is secured by trade debtors amounting to £26,174,089 (2017 - £22,206,161).

13 CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Bank overdraft and loans	1,214,234	6,814,358
Invoice discounting facility	20,720,624	17,288,313
Obligations under finance leases	935,661	861,194
Trade creditors	27,112,458	22,899,138
Other taxation and social security	2,694,959	1,881,113
Corporation tax	616,053	241,370
Other creditors	128,993	118,913
Accruals and deferred income	1,147,263	1,803,377
	<u>54,570,245</u>	<u>51,907,776</u>

The following liabilities disclosed under creditors falling due within one year are secured by the Company:

	2018	2017
	£	£
Bank overdraft and loans	1,214,234	6,814,358
Invoice discounting facility	20,720,624	17,288,313
Obligations under finance leases	935,661	861,194
	<u>22,870,519</u>	<u>24,963,865</u>

The bank overdraft of £32,834 (2017 - £3,280,573) and loans are secured, see note 14 for details.

Finance lease borrowings are secured on the assets to which they relate.

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

14 CREDITORS: Amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	15,244,250	10,693,422
Obligations under finance leases – secured on related asset	1,701,851	521,720
	<u>16,946,101</u>	<u>11,215,142</u>

Bank loans are repayable in instalments over five years bearing interest at 2.25% to 2.5% over the Bank of England base rate.

Included in creditors are:

	2018	2017
	£	£
Amounts repayable by instalments falling due after more than five years	<u>10,518,650</u>	<u>10,167,486</u>

15 BORROWINGS

Creditors include finance capital which is due for repayment as follows:

	2018	2017
	£	£
Creditors: Amounts falling due within one year		
Bank overdraft and loans	1,214,234	6,814,358
Invoice discounting facility	20,720,624	17,288,313
Obligations under finance leases	935,661	861,194
	<u>22,870,519</u>	<u>24,963,865</u>
Creditors: Amounts falling due after more than one year		
Bank loans	15,244,250	10,693,422
Obligations under finance leases	1,701,851	521,720
	<u>16,946,101</u>	<u>11,215,142</u>
Total	<u>39,816,620</u>	<u>36,179,007</u>

Bank borrowings of £16,425,650 are secured by fixed charges against the land and buildings and investment property of the company, and fixed and floating charges over all assets. Bank loans are repayable in instalments bearing interest at 2.25% to 2.5% over the Bank of England base rate.

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

16 OBLIGATIONS UNDER FINANCE LEASES

The total future minimum lease payments are payable:

	2018	2017
	£	£
Less than one year	1,018,141	883,642
Between one and five years	1,744,142	539,671
	<u>2,762,283</u>	<u>1,423,313</u>
Less interest and finance charges relating to future periods	(124,771)	(40,399)
	<u>2,637,512</u>	<u>1,382,914</u>
Finance lease agreements are analysed as follows:		
Current obligations	935,661	861,194
Non-current obligations	1,701,851	521,720
	<u>2,637,512</u>	<u>1,382,914</u>

Finance lease payments represent rentals payable by the Company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments at 31 December were:

	2018	2017
	£	£
Financial assets		
Debt instruments measured at amortised cost	26,719,174	23,530,033
Equity instrument measured at cost less impairment	175,101	175,151
	<u>26,894,275</u>	<u>23,705,184</u>
Financial liabilities		
Measured at amortised cost	66,380,060	60,952,935
	<u>66,380,060</u>	<u>60,952,935</u>

18 PENSIONS

The Company operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £230,717 (2017 - £217,639). Contributions totalling £36,079 (2017 - £8,829) were payable to the fund at the balance sheet date.

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

19 PROVISION FOR LIABILITIES

The movement in the deferred taxation during the year was:

	2018	2017
	£	£
Deferred taxation liability brought forward	176,316	95,689
Profit and loss account movement arising during the year – current year	57,421	81,717
Movement on revaluation reserve	<u>5,663</u>	<u>(1,090)</u>
Deferred taxation liability carried forward	<u>239,400</u>	<u>176,316</u>

The deferred taxation consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Accelerated capital allowances	165,714	95,689
Revaluation of land	81,717	81,717
Other timing differences	<u>(8,031)</u>	<u>(1,090)</u>
	<u>239,400</u>	<u>176,316</u>

The deferred tax liability set out above includes £87,650 which is expected to reverse within 12 months and relates to capital allowances that are expected to reverse within the same period.

20 COMMITMENTS UNDER OPERATING LEASES

The Company as a lessee:

At 31 December 2018 the total future minimum lease payments under non-cancellable operating leases for property, plant and machinery as set out below.

	2018	2017
	£	£
Operating lease payments due:		
Within 1 year	258,378	41,667
Within 2 to 5 years	<u>827,928</u>	<u>250,445</u>
	<u>1,086,306</u>	<u>292,112</u>

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

20 COMMITMENTS UNDER OPERATING LEASES (CONTINUED)

The Company as a lessor:

At the year end, the Company had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	2018	2017
Operating lease payments which are due:		
Less than 1 year	197,886	194,500
Between 1 and 5 years	813,227	933,431
After 5 years	787,257	864,939
	<u>1,798,370</u>	<u>1,992,870</u>

The operating leases represent leases of 2 properties to third parties. There are no options in place for either part to extend the lease terms.

21 OTHER COMMITMENTS

During the year the Company utilised derivatives including forward exchange contracts, however the directors have decided to exclude these from the financial statements as they are not deemed to be material.

The Company had entered into fixed rate forward exchange contracts to purchase \$11,277,223 for £8,708,113 (2017: \$7,761,873 for £5,802,528) and €nil for £nil (2017: €561,826 for £497,344) which is expected to be received from counterparties.

22 CONTINGENT LIABILITIES

At 31 December 2018 there were contingent liabilities of £400,000 (2017: £400,000) in respect of VAT bonds.

23 SHARE CAPITAL AND RESERVES

	2018	2017
	£	£
Allotted, called up and fully paid:		
Ordinary A shares of £1 each	250	250
Ordinary B shares of £1 each	250	250
Ordinary C shares of £1 each	250	250
Ordinary D shares of £1 each	250	250
	<u>1,000</u>	<u>1,000</u>

The company has four classes of Ordinary shares. Each share of each class ranks pari passu with the others and carries no right to fixed income. Each of such shares carries the right to one vote at general meetings of the Company.

RESERVES

Revaluation reserve

The cumulative revaluation gains and losses in respect of relevant fixed assets, except revaluation gains and losses recognised in profit or loss of the related deferred taxation.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

24 RELATED PARTY TRANSACTIONS

During the year, the Company traded with its associate, The Tyre Store Limited.

	2018	2017
	£	£
Purchases of services from other related parties	-	452,745
Sales of goods to other related parties	896,335	1,412,511

The balance due at the year-end was £285,203 (2017 - £6,936).

Loans were made by the Company to two of the directors during the year. At the year-end £145,587 (2017 - £145,986) was outstanding, with receipts and repayments during the year totalling £179,044 (2017 - £186,318). No interest was charged on these loans.

R. & R.C. Bond (Wholesale) Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2018

25 NOTES TO THE STATEMENT OF CASH FLOWS

a	Reconciliation of operating profit to net cash inflow from operating activities	2018	2017
		£	£
	Profit after tax	5,025,793	2,373,141
	Depreciation	1,513,457	1,322,767
	Amortisation	69,952	22,470
	Fair value gains on investment properties	-	-
	Gain on disposal of tangible fixed assets	(112,367)	(80,624)
	Interest payable	1,109,984	667,103
	Taxation	1,335,211	669,739
	Operating cash flows before movement in capital	<u>8,942,030</u>	<u>4,974,596</u>
	Movements in working capital		
	(Increase) in stock	(7,833,584)	(2,898,278)
	(Increase) in debtors	(3,437,324)	(2,001,042)
	Increase in creditors	4,381,082	4,155,259
	Cash generated from operations	<u>2,052,204</u>	<u>4,230,535</u>
b	Cash and cash equivalents	2018	2017
		£	£
	Cash at bank	10,632	1,366,403
	Overdraft	(32,834)	(3,280,573)
		<u>(22,202)</u>	<u>(1,914,170)</u>

During the year the Company entered into finance lease agreements in respect of assets with a total capital value at the inception of agreements of £1,042,875 (2017: £1,033,425).

26 POST BALANCE SHEET EVENTS

Dividends totalling £211,092 have been declared and paid to shareholders post year end.

27 PRIOR YEAR ADJUSTMENT

During the current year, there has been an adjustment made to reclassify certain expenses from administrative expenses to distribution costs. For comparative purposes a prior year adjustment has also been made to the financial statements to accurately reflect the nature of expenses. £1,379,788 has been reclassified from administrative expenses to distribution costs with nil effect on the profit for the year ended 31 December 2017.

28 DIVIDENDS

During the current year, dividends of £1,000,000 were paid to shareholders of the company.

29 CONTROLLING PARTY

The directors do not consider there to be an ultimate controlling party.