

Company Registration No. 01049663 (England and Wales)

DT (AUTOMOTIVES) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

DT (AUTOMOTIVES) LIMITED

COMPANY INFORMATION

Directors	J G Minshaw K W Hayes J Smith C R Turner
Secretary	J Smith
Company number	01049663
Registered office	75 Ash Road South Wrexham Industrial Estate Wrexham LL13 9UG
Auditor	Afford Bond Holdings Limited 31 Wellington Road Nantwich Cheshire CW5 7ED
Bankers	Royal Bank of Scotland Leeds City Office 8 Park Row Leeds LS1 1QS

DT (AUTOMOTIVES) LIMITED

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DT (AUTOMOTIVES) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The company's business is primarily derived from four key sales channels - motorsport, road performance and styling, motorcycles and cycles. Motorsport is historically the company's core activity and has provided the basic platform upon which the other sales channels have been developed.

The key routes to market for each sales channel are through a comprehensive catalogue generating both mail order and telephone sales. This is backed up by a website which is focused on developing internet sales. The company also generates sales via the ebay selling outlet and Amazon.

Principal risks and uncertainties

Across the broad range of products offered via the catalogue and the website, the company has few direct competitors. However, there are numerous smaller catalogue, internet companies and retail outlets which specialise in specific segments of the business. Management of this risk is by way of sales channel optimisation and customer retention initiatives discussed below.

The company continues to buy a major proportion of its stock from Europe, The Far East and the United States; consequently there is an ongoing exposure to both exchange gains and losses. The company has processes in place to manage the risk: there is no speculative buying of foreign currency and exchange rates are reviewed frequently.

Development and performance

The main objective for both the motorsport and the motorcycles sales channels are to look for initiatives which continue to grow this aspect of our business in terms of both turnover and gross margin. All divisions are expected to continue to show growth with the improved prominence on the internet.

The key strategies for growing the business are to have focused resource for each of the sales channels and to grow awareness through the continual development of the website and the implementation of e-retailing initiatives. The company will then couple this with the development of customer retention through enhanced customer service and loyalty schemes.

The overall performance during 2019 was disappointing, but explained by the general economic climate and costs associated with systems revisions within the business. The company was able to maintain reasonable trading levels whilst controlling overheads.

The early signs for 2020 appear to indicate that general consumer confidence remains fragile. Though through enhancements to the company's website, e-retailing and networking initiatives we feel confident that 2020 will again be a reasonable year. We hope to see continued growth in all areas of the business and are keen to see our new ranges develop further over the next few years.

Key performance indicators

The key performance indicators by which the directors manage and measure the business are turnover, gross profit and adjusted net profit before interest, tax, depreciation and amortisation. All three measures have improved in the period.

On behalf of the board

J G Minshaw

Director

8 September 2020

DT (AUTOMOTIVES) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company for the year was the retailing of motor parts and accessories. A review of the business is included within the strategic report.

Directors

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

J G Minshaw

K A Ankers

K W Hayes

J Smith

C R Turner

(Resigned 14 February 2020)

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £500,000. The directors do not recommend payment of a further dividend.

Auditor

Afford Bond Holdings Limited were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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.

On behalf of the board

J G Minshaw

Director

8 September 2020

DT (AUTOMOTIVES) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

DT (AUTOMOTIVES) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DT (AUTOMOTIVES) LIMITED

Opinion

We have audited the financial statements of DT (Automotives) Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows 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 December 2019 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 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 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.

DT (AUTOMOTIVES) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DT (AUTOMOTIVES) LIMITED

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

Paul Edwards FCCA CTA (Senior Statutory Auditor)
for and on behalf of Afford Bond Holdings Limited

8 September 2020

Chartered Accountants
Statutory Auditor

31 Wellington Road
Nantwich
Cheshire
CW5 7ED

DT (AUTOMOTIVES) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	44,686,111	43,434,975
Cost of sales		(36,607,557)	(35,214,699)
Gross profit		8,078,554	8,220,276
Administrative expenses		(8,118,132)	(8,431,515)
Other operating income		892,083	872,500
Operating profit	4	852,505	661,261
Interest receivable and similar income	7	2,476	249
Interest payable and similar expenses	8	(7,683)	(453,591)
Profit before taxation		847,298	207,919
Tax on profit	9	(173,455)	(26,167)
Profit for the financial year		673,843	181,752
Retained earnings brought forward		4,606,864	4,425,112
Dividends	10	(500,000)	-
Retained earnings carried forward		4,780,707	4,606,864

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

DT (AUTOMOTIVES) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	11		3,296		4,394
Tangible assets	12		5,167,240		10,486,137
			<u>5,170,536</u>		<u>10,490,531</u>
Current assets					
Stocks	13	7,324,903		6,888,528	
Debtors	14	1,321,923		1,239,847	
Cash at bank and in hand		6,761		1,243,476	
		<u>8,653,587</u>		<u>9,371,851</u>	
Creditors: amounts falling due within one year	15	<u>(8,682,347)</u>		<u>(14,896,047)</u>	
Net current liabilities			<u>(28,760)</u>		<u>(5,524,196)</u>
Total assets less current liabilities			5,141,776		4,966,335
Provisions for liabilities	17		<u>(341,069)</u>		<u>(339,471)</u>
Net assets			<u>4,800,707</u>		<u>4,626,864</u>
Capital and reserves					
Called up share capital	20	20,000		20,000	
Profit and loss reserves	21	4,780,707		4,606,864	
Total equity		<u>4,800,707</u>		<u>4,626,864</u>	

The financial statements were approved by the board of directors and authorised for issue on 8 September 2020 and are signed on its behalf by:

J G Minshaw
Director

Company Registration No. 01049663

DT (AUTOMOTIVES) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25				
		(5,841,724)		4,475,172	
Interest paid		(7,683)		(453,591)	
Income taxes paid		(125,563)		(325,561)	
Net cash (outflow)/inflow from operating activities		(5,974,970)		3,696,020	
Investing activities					
Purchase of tangible fixed assets		(1,775,497)		(563,270)	
Proceeds on disposal of tangible fixed assets		6,610,003		15,299	
Interest received		2,476		249	
Net cash generated from/(used in) investing activities		4,836,982		(547,722)	
Financing activities					
Repayment of bank loans		(440,000)		(440,000)	
Dividends paid		(500,000)		-	
Net cash used in financing activities		(940,000)		(440,000)	
Net (decrease)/increase in cash and cash equivalents		(2,077,988)		2,708,298	
Cash and cash equivalents at beginning of year		1,243,476		(1,464,822)	
Cash and cash equivalents at end of year		(834,512)		1,243,476	
Relating to:					
Cash at bank and in hand		6,761		1,243,476	
Bank overdrafts included in creditors payable within one year		(841,273)		-	

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

DT (Automotives) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 75 Ash Road South, Wrexham Industrial Estate, Wrexham, LL13 9UG.

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 on the historical cost convention. 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.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Development Costs	10 years straight line
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DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.6 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.

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:

Land and buildings Freehold	50 years straight line
Plant and machinery	15% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

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.

1.7 Impairment of fixed assets

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.

1.8 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 replacement cost and 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.

1.9 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.

1.10 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.

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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.

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.

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

1.11 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.

1.12 Derivatives

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.

1.13 Taxation

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

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

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.

1.14 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.

The company operates an employee share ownership plan (ESOP) trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records assets and liabilities of the trust as its own. Consideration paid by the ESOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the ESOP are recognised on an accruals basis.

1.15 Retirement benefits

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

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	44,686,111	43,434,975
	<u>44,686,111</u>	<u>43,434,975</u>
	2019 £	2018 £
Other significant revenue		
Interest income	2,476	249
	<u>2,476</u>	<u>249</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	32,296,904	31,894,794
Europe	4,043,194	4,024,498
Rest of the world	8,346,013	7,515,683
	<u>44,686,111</u>	<u>43,434,975</u>

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	13,750	13,750
Depreciation of owned tangible fixed assets	455,510	475,527
Impairment of owned tangible fixed assets	-	837,809
Loss/(profit) on disposal of tangible fixed assets	28,881	(15,075)
Amortisation of intangible assets	1,098	1,098
Operating lease charges	363,810	41,450
	<u>363,810</u>	<u>41,450</u>

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Employees

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

	2019 Number	2018 Number
Sales	34	35
Administration	110	110
Management	32	32
	<u>176</u>	<u>177</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	4,657,342	4,722,170
Social security costs	401,065	425,813
Pension costs	82,320	54,110
	<u>5,140,727</u>	<u>5,202,093</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>374,639</u>	<u>347,970</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>138,657</u>	<u>127,886</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	1,777	249
Other interest income	699	-
	<u>2,476</u>	<u>249</u>

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,777	249
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8 Interest payable and similar expenses

2019	2018
£	£

Interest on financial liabilities measured at amortised cost:

Interest on bank overdrafts and loans	7,683	34,352
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Other finance costs:

Other interest	-	419,239
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7,683	453,591
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9 Taxation

2019	2018
£	£

Current tax

UK corporation tax on profits for the current period	171,857	194,872
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Adjustments in respect of prior periods	-	(196,541)
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Total current tax	171,857	(1,669)
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Deferred tax

Origination and reversal of timing differences	1,598	27,836
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Total tax charge	173,455	26,167
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DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	847,298	207,919
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	160,987	39,505
Tax effect of expenses that are not deductible in determining taxable profit	118,631	143
Depreciation on assets not qualifying for tax allowances	-	183,060
Research and development tax credit	(106,163)	-
Under/(over) provided in prior years	-	(196,541)
Taxation charge for the year	173,455	26,167

10 Dividends

	2019 £	2018 £
Final paid	500,000	-

11 Intangible fixed assets

	Development Costs £
Cost	
At 1 January 2019 and 31 December 2019	10,985
Amortisation and impairment	
At 1 January 2019	6,591
Amortisation charged for the year	1,098
At 31 December 2019	7,689
Carrying amount	
At 31 December 2019	3,296
At 31 December 2018	4,394

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2019	8,038,688	1,798,914	2,247,397	1,824,339	13,909,338
Additions	-	26,818	294,969	1,453,710	1,775,497
Disposals	(7,833,200)	-	-	(83,884)	(7,917,084)
At 31 December 2019	205,488	1,825,732	2,542,366	3,194,165	7,767,751
Depreciation and impairment					
At 1 January 2019	1,278,200	1,301,600	806,289	37,112	3,423,201
Depreciation charged in the year	-	146,524	299,111	9,875	455,510
Eliminated in respect of disposals	(1,278,200)	-	-	-	(1,278,200)
At 31 December 2019	-	1,448,124	1,105,400	46,987	2,600,511
Carrying amount					
At 31 December 2019	205,488	377,608	1,436,966	3,147,178	5,167,240
At 31 December 2018	6,760,488	497,314	1,441,108	1,787,227	10,486,137

13 Stocks

	2019 £	2018 £
Finished goods and goods for resale	7,324,903	6,888,528

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	213,146	244,701
Corporation tax recoverable	373,170	419,464
Other debtors	241,438	49,301
Prepayments and accrued income	494,169	526,381
	1,321,923	1,239,847

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	16	841,273	440,000
Trade creditors		5,529,435	5,784,775
Amounts owed to group undertakings		1,218,198	2,627,975
Taxation and social security		117,539	1,392,974
Other creditors		685,093	4,418,580
Accruals and deferred income		290,809	231,743
		<u>8,682,347</u>	<u>14,896,047</u>

16 Loans and overdrafts

	2019 £	2018 £
Bank loans	-	440,000
Bank overdrafts	841,273	-
	<u>841,273</u>	<u>440,000</u>
Payable within one year	<u>841,273</u>	<u>440,000</u>

Included within creditors is a mortgage taken out in respect of the purchase of 75 Ash Road South and 71 Clywedog Road, Wrexham in the amount of £nil (2018 - £440,000) which is secured against the two properties.

17 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	18	<u>341,069</u>	<u>339,471</u>

18 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
ACAs	<u>341,069</u>	<u>339,471</u>

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Deferred taxation (Continued)

Movements in the year:	2019
	£
Liability at 1 January 2019	339,471
Charge to profit or loss	1,598
Liability at 31 December 2019	341,069

19 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	82,320	54,110

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
20,000 Ordinary of £1 each	20,000	20,000

21 Profit and loss reserves

	2019	2018
	£	£
At the beginning of the year	4,606,864	4,425,112
Profit for the year	673,843	181,752
Dividends declared and paid in the year	(500,000)	-
At the end of the year	4,780,707	4,606,864

22 Related party transactions

The company has taken advantage of the exemption available to not disclose transactions with group companies.

DT (AUTOMOTIVES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Ultimate controlling party

The company's immediate and ultimate parent company is Demon Tweeks Limited. The registered office of Demon Tweeks Limited is 75 Ash Road, Wrexham Industrial Estate, Wrexham, Clwyd, LL13 9UG and copies of the group accounts can be obtained from Companies House.

The ultimate controlling party is J G Minshaw by virtue of his interest in Demon Tweeks Limited.

24 Analysis of changes in net funds/(debt)

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	1,243,476	(1,236,715)	6,761
Bank overdrafts	-	(841,273)	(841,273)
	<u>1,243,476</u>	<u>(2,077,988)</u>	<u>(834,512)</u>
Borrowings excluding overdrafts	(440,000)	440,000	-
	<u>803,476</u>	<u>(1,637,988)</u>	<u>(834,512)</u>

25 Cash (absorbed by)/generated from operations

	2019	2018
	£	£
Profit for the year after tax	673,843	181,752
Adjustments for:		
Taxation charged	173,455	26,167
Finance costs	7,683	453,591
Investment income	(2,476)	(249)
Loss/(gain) on disposal of tangible fixed assets	28,881	(15,075)
Amortisation and impairment of intangible assets	1,098	1,098
Depreciation and impairment of tangible fixed assets	455,510	1,313,336
Movements in working capital:		
(Increase)/decrease in stocks	(436,375)	820,369
(Increase)/decrease in debtors	(128,370)	747,384
(Decrease)/increase in creditors	(6,614,973)	946,799
Cash (absorbed by)/generated from operations	<u>(5,841,724)</u>	<u>4,475,172</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.