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**ROLLING COMPONENTS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 NOVEMBER 2018**

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**ROLLING COMPONENTS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S K Malhotra U Malhotra G Malhotra
<b>Registered number</b>	01800402
<b>Registered office</b>	22/25 Paycocke Road Basildon Essex SS14 3DR
<b>Independent auditors</b>	Haslers Chartered Accountants & Statutory Auditor Old Station Road Loughton Essex IG10 4PL

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**ROLLING COMPONENTS LIMITED**

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STRATEGIC REPORT  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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**Introduction**

The principal activity of the company in the year under review was that of the wholesale of automotive components in the after market segment in the UK and Europe.

**Business review**

The directors are pleased with the company's performance in the year. The level of turnover and gross profit is in line with expectations.

The turnover for 2017-18 of £10,386,540 (2016-17 £10,516,012) was driven by:

- a) introduction of new product ranges in brake callipers, engine management and addition to current range of products and
- b) being preferred suppliers for big buying groups such as Ferraris & GAU.

Gross margins remained similar to the previous year despite tightening business environment.

**Principal risks and uncertainties**

The outlook for the year 2018-19 is uncertain due to Brexit and the slowing down of the UK economy and sales are likely to be lower in 2018-19.

The directors continue to rebalance the portfolio of predominantly auto electricals to other products like brake callipers, steering pumps, driveshafts and engine management components.

The directors are taking measures to cushion the impact of uncertainties by active currency hedging and higher stock procurement.

**Brexit and other risks**

The uncertainties surrounding Brexit and economic slowdown have significant impact on the business in exchange rate deterioration and higher procurement costs.

The directors have already taken action by higher procurement in 2017-18. Stock levels as at 30.11.2018 stood at £6.8 million, the highest to-date.

Currency hedging is used to move business to big buying groups and introduction of strict screening of potential/new customer stood at £2 million as at the year end date.

The directors do not foresee any significant rise in interest rate during 2018-19.

The directors' decisis have greatly reduced risk of bad debts.

The directors do not see significant increases in overheads in the current.

The company operates an invoice discounting scheme with the bank and hence liquidity risk is minimised.

Directors believe that all the mitigating and control actions taken in 2017/18 and the planned actions in 2018/19 will enable them to cope well with the risks and challenges in the current year.

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**ROLLING COMPONENTS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

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**Financial key performance indicators**

Turnover and gross profit margin are considered to be the key performance indicators.

This report was approved by the board on 16 May 2019 and signed on its behalf.

**S K Malhotra**

Director

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**ROLLING COMPONENTS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

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The directors present their report and the financial statements for the year ended 30 November 2018.

**Directors**

The directors who served during the year were:

S K Malhotra  
U Malhotra  
G Malhotra

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Financial Instruments**

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, liquidity risk and interest rate risk.

The company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the company by monitoring levels of cash. The monitoring of financial risk management is the responsibility of the director.

**Foreign currency risk**

The company's principal foreign currency exposures arise from overseas trade. The company has hedging arrangements in place.

**Credit risk**

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary. The directors maintain tight control over all amounts due to the company.

**Liquidity risk**

The company manages its cash and borrowing requirements in order to ensure that the company has sufficient liquid resources to meet the operating needs of the business.

**Interest rate risk**

The company has interest bearing assets and liabilities. Interest bearing assets include only cash balances that earn interest at a floating rate. Interest bearing liabilities only include bank borrowings.

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**ROLLING COMPONENTS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

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**Auditors**

The auditors, Haslers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 May 2019 and signed on its behalf.

S K Malhotra  
Director

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**ROLLING COMPONENTS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

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The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

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## ROLLING COMPONENTS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROLLING COMPONENTS LIMITED

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#### Opinion

We have audited the financial statements of Rolling Components Limited (the 'Company') for the year ended 30 November 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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

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## ROLLING COMPONENTS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROLLING COMPONENTS LIMITED (CONTINUED)

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other 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 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 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 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.

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**ROLLING COMPONENTS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROLLING COMPONENTS LIMITED (CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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

Christina Georgiou (Senior Statutory Auditor)

for and on behalf of

**Haslers**

Chartered Accountants  
Statutory Auditor

Old Station Road  
Loughton  
Essex  
IG10 4PL

16 May 2019

ROLLING COMPONENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Note	2018 £	2017 £
Turnover	4	10,386,540	10,516,012
Cost of sales		(7,330,124)	(7,233,616)
<b>Gross profit</b>		<b>3,056,416</b>	<b>3,282,396</b>
Distribution costs		(391,981)	(471,479)
Administrative expenses		(1,863,572)	(1,706,765)
Other operating income		77,256	58,242
Fair value movements		-	475,607
<b>Operating profit</b>	5	<b>878,119</b>	<b>1,638,001</b>
Interest receivable and similar income	9	3,750	4,445
Interest payable and expenses	10	(80,547)	(55,654)
<b>Profit before tax</b>		<b>801,322</b>	<b>1,586,792</b>
Tax on profit	11	(154,738)	(287,142)
<b>Profit for the year</b>		<b>646,584</b>	<b>1,299,650</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>646,584</b>	<b>1,299,650</b>

The notes on pages 14 to 31 form part of these financial statements.

**ROLLING COMPONENTS LIMITED**  
**REGISTERED NUMBER: 01800402**

**BALANCE SHEET**  
**AS AT 30 NOVEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	14	355,120	296,833
Investment property	15	700,000	700,000
		<u>1,055,120</u>	<u>996,833</u>
<b>Current assets</b>			
Stocks	16	6,455,880	6,056,534
Debtors: amounts falling due within one year	17	3,998,766	3,691,622
Cash at bank and in hand	18	61,175	203,680
		<u>10,515,821</u>	<u>9,951,836</u>
Creditors: amounts falling due within one year	19	<u>(3,810,358)</u>	<u>(4,189,677)</u>
<b>Net current assets</b>		<u>6,705,463</u>	<u>5,762,159</u>
<b>Total assets less current liabilities</b>		<u>7,760,583</u>	<u>6,758,992</u>
Creditors: amounts falling due after more than one year	20	(1,495,099)	(1,087,439)
<b>Provisions for liabilities</b>			
Deferred tax	24	(102,786)	(88,035)
		<u>(102,786)</u>	<u>(88,035)</u>
<b>Net assets</b>		<u><u>6,162,698</u></u>	<u><u>5,583,518</u></u>
<b>Capital and reserves</b>			
Called up share capital		47,153	47,153
Capital redemption reserve	25	1,039,097	1,039,097
Investment property reserve	25	409,330	409,330
Profit and loss account	25	4,667,118	4,087,938
		<u>6,162,698</u>	<u>5,583,518</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 May 2019.

**S K Malhotra**

Director

The notes on pages 14 to 31 form part of these financial statements.

**ROLLING COMPONENTS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

	Called up share capital £	Capital redemption reserve £	Investment property revaluation reserve £	Profit and loss account £	Total equity £
At 1 December 2017	47,153	1,039,097	409,330	4,087,938	5,583,518
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	646,584	646,584
<b>Total comprehensive income for the year</b>	-	-	-	646,584	646,584
Dividends: Equity capital	-	-	-	(67,404)	(67,404)
<b>Total transactions with owners</b>	-	-	-	(67,404)	(67,404)
<b>At 30 November 2018</b>	<u>47,153</u>	<u>1,039,097</u>	<u>409,330</u>	<u>4,667,118</u>	<u>6,162,698</u>

The notes on pages 14 to 31 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 NOVEMBER 2017**

	Called up share capital £	Capital redemption reserve £	Investment property revaluation reserve £	Profit and loss account £	Total equity £
At 1 December 2016	47,153	1,039,097	-	3,197,618	4,283,868
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,299,650	1,299,650
<b>Total comprehensive income for the year</b>	-	-	-	1,299,650	1,299,650
Net fair value movements	-	-	409,330	(409,330)	-
<b>At 30 November 2017</b>	<u>47,153</u>	<u>1,039,097</u>	<u>409,330</u>	<u>4,087,938</u>	<u>5,583,518</u>

The notes on pages 14 to 31 form part of these financial statements.

**ROLLING COMPONENTS LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	646,584	1,299,650
<b>Adjustments for:</b>		
Depreciation of tangible assets	86,658	103,907
Loss on disposal of tangible assets	(23,965)	4,010
Interest paid	80,547	55,654
Interest received	(3,750)	(4,445)
Taxation charge	154,738	287,142
(Increase) in stocks	(399,346)	(1,756,806)
(Increase) in debtors	(307,146)	(508,388)
(Decrease)/increase in creditors	(479,843)	621,232
Increase in amounts owed to groups	233,823	165,905
Net fair value losses/(gains) recognised in P&L	-	(475,607)
Corporation tax (paid)	(325,999)	(127,181)
	(337,699)	(334,927)
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(146,340)	(80,654)
Sale of tangible fixed assets	25,362	51,567
Interest received	3,750	4,445
HP interest paid	-	(1,809)
	(117,228)	(26,451)

**ROLLING COMPONENTS LIMITED**

**STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

	2018	2017
	£	£
<b>Cash flows from financing activities</b>		
New secured loans	494,426	-
Repayment of loans	-	(174,310)
Repayment of/new finance leases	(761)	(35,164)
Movements on invoice discounting	20,058	747,449
Dividends paid	(67,404)	-
Interest paid	(80,547)	(53,845)
	365,772	484,130
<b>Net cash used in financing activities</b>		
	(89,155)	122,752
<b>Net (decrease)/increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of year	46,914	(75,838)
	(42,241)	46,914
<b>Cash and cash equivalents at the end of year</b>		
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	61,175	203,680
Bank overdrafts	(103,416)	(156,766)
	(42,241)	46,914

The notes on pages 14 to 31 form part of these financial statements.

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## ROLLING COMPONENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018

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#### 1. General information

Rolling Components Limited is a private company, limited by shares, domiciled in England and Wales, registration number 01800402. The registered office is 22/25 Paycocke Road, Basildon, Essex, SS14 3DR. The principal activity of the company continued to be the import and wholesale of automotive electrical components.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest pound sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sales are recognised on the date of delivery.

##### 2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.4 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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**2. Accounting policies (continued)**

**2.6 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.7 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.8 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.9 Invoice discounting**

Where debts are invoice discounted, the gross amount of the debts is included within trade debtors with the advances received from invoice discounting being shown as a liability.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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**2. Accounting policies (continued)**

**2.10 Intangible assets**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% straight line
Improvements to leasehold property	- over the term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.12 Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

**2.13 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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**2. Accounting policies (continued)**

**2.14 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.16 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Foreign Currency Transaction**

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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**2. Accounting policies (continued)**

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.19 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.20 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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.

The directors do not believe that there have been judgements made in the process of applying the above accounting policies that have had a significant effect on amounts recognised in the financial statements. Furthermore, the directors consider that there are no areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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ROLLING COMPONENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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4. Turnover

	2018 £	2017 £
Sale of automotive parts	10,386,540	10,516,012
	<u>10,386,540</u>	<u>10,516,012</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	8,734,423	7,837,463
Rest of Europe	1,380,653	2,114,312
Rest of the world	271,464	564,237
	<u>10,386,540</u>	<u>10,516,012</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	86,658	103,906
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,450	14,000
Exchange differences	(156,550)	178,692
Defined contribution pension cost	<u>7,206</u>	<u>4,512</u>

6. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ (2017 - ).

**ROLLING COMPONENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

	2018	2017
	£	£
Wages and salaries	556,144	503,988
Social security costs	42,436	45,496
Cost of defined contribution scheme	7,206	4,512
	<b>605,786</b>	<b>553,996</b>
	<b>605,786</b>	<b>553,996</b>

The average monthly number of employees, including directors, during the year was 29 (2017 - 28).

**8. Directors' remuneration**

	2018	2017
	£	£
Directors' emoluments	27,217	64,922
Company contributions to defined contribution pension schemes	2,400	2,400
	<b>29,617</b>	<b>67,322</b>
	<b>29,617</b>	<b>67,322</b>

During the year retirement benefits were accruing to no directors (2017 - NIL) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2018	2017
	£	£
Other interest receivable	3,750	4,445
	<b>3,750</b>	<b>4,445</b>
	<b>3,750</b>	<b>4,445</b>

**10. Interest payable and similar expenses**

	2018	2017
	£	£
Bank interest payable	80,044	52,400
Finance leases and hire purchase contracts	-	1,809
Other interest payable	503	1,445
	<b>80,547</b>	<b>55,654</b>
	<b>80,547</b>	<b>55,654</b>

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ROLLING COMPONENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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11. Taxation

	2018	2017
	£	£
<b>Corporation tax</b>		
Current tax on profits for the year	139,987	225,977
	<u>139,987</u>	<u>225,977</u>
<b>Total current tax</b>	<u>139,987</u>	<u>225,977</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(49,385)	(5,112)
Fair value movements	64,136	66,277
	<u>14,751</u>	<u>61,165</u>
<b>Total deferred tax</b>	<u>14,751</u>	<u>61,165</u>
<b>Taxation on profit on ordinary activities</b>	<u>154,738</u>	<u>287,142</u>

**ROLLING COMPONENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.87%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>801,322</u>	<u>1,586,792</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.87%)	<b>152,251</b>	315,296
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	333	-
Other timing differences leading to an increase (decrease) in taxation	<b>(61,982)</b>	(28,154)
Deferred tax on revaluation of investment property	<b>64,136</b>	-
<b>Total tax charge for the year</b>	<u><b>154,738</b></u>	<u>287,142</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Dividends**

	2018 £	2017 £
Ordinary shares	<u>67,404</u>	-
	<u><b>67,404</b></u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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13. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 December 2017	120,000
At 30 November 2018	<u>120,000</u>
<b>Amortisation</b>	
At 1 December 2017	120,000
At 30 November 2018	<u>120,000</u>
<b>Net book value</b>	
At 30 November 2018	<u><u>-</u></u>
<b>At 30 November 2017</b>	<u><u>-</u></u>

ROLLING COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Premises improvements £	Total £
<b>Cost or valuation</b>					
At 1 December 2017	393,523	104,650	203,226	358,200	1,059,599
Additions	27,387	-	101,923	17,030	146,340
Disposals	(27,928)	-	-	-	(27,928)
At 30 November 2018	<u>392,982</u>	<u>104,650</u>	<u>305,149</u>	<u>375,230</u>	<u>1,178,011</u>
<b>Depreciation</b>					
At 1 December 2017	301,930	68,237	83,186	309,413	762,766
Charge for the year on owned assets	24,914	9,103	30,054	22,586	86,657
Disposals	(26,532)	-	-	-	(26,532)
At 30 November 2018	<u>300,312</u>	<u>77,340</u>	<u>113,240</u>	<u>331,999</u>	<u>822,891</u>
<b>Net book value</b>					
At 30 November 2018	<u>92,670</u>	<u>27,310</u>	<u>191,909</u>	<u>43,231</u>	<u>355,120</u>
<b>At 30 November 2017</b>	<u>91,593</u>	<u>36,413</u>	<u>120,040</u>	<u>48,787</u>	<u>296,833</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Motor vehicles	5,023	6,697
Furniture, fittings and equipment	4,800	5,600
	<u>9,823</u>	<u>12,297</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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15. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 December 2017	700,000
	<hr/>
<b>At 30 November 2018</b>	<b>700,000</b>
	<hr/> <hr/>

The directors consider that the market value of the property is not materially different to the net book value.

The 2018 valuations were made by the directors, on an open market value for existing use basis.

	2018 £	2017 £
<b>Revaluation reserves</b>		
At 1 December 2017	409,330	-
	<hr/>	<hr/>
<b>At 30 November 2018</b>	<b>409,330</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

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ROLLING COMPONENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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16. Stocks

	2018 £	2017 £
Finished goods and goods for resale	6,455,880	6,056,534
	<u>6,455,880</u>	<u>6,056,534</u>

The above stock figure includes goods worth £105,904 (2017 - £78,762) which were held by third parties on consignment at the year end.

17. Debtors

	2018 £	2017 £
Trade debtors excluding factored debts	817,856	421,278
Factored debts	2,756,873	3,016,920
Other Debtors	354,335	184,283
Prepayments and accrued income	69,702	69,141
	<u>3,998,766</u>	<u>3,691,622</u>

The proceeds of factored debts, advanced under an invoice discounting facility, are secured against the book debts of the company and £150,000 personal guarantee by one of the directors, S K Malhotra.

18. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	61,175	203,680
Less: bank overdrafts	(103,416)	(156,766)
	<u>(42,241)</u>	<u>46,914</u>

**ROLLING COMPONENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

**19. Creditors: Amounts falling due within one year**

	2018	2017
	£	£
Bank overdrafts	103,416	156,766
Bank loans	269,545	182,779
Trade creditors	256,033	641,475
Amounts owed to group undertakings	1,214,237	980,414
Corporation tax	39,965	225,977
Other taxation and social security	9,725	11,777
Obligations under finance lease and hire purchase contracts	-	761
Proceeds of factored debts	1,737,516	1,717,458
Other creditors	112,199	205,149
Accruals and deferred income	67,722	67,121
	<b>3,810,358</b>	<b>4,189,677</b>
	<b>3,810,358</b>	<b>4,189,677</b>

**20. Creditors: Amounts falling due after more than one year**

	2018	2017
	£	£
Bank loans	1,495,099	1,087,439
	<b>1,495,099</b>	<b>1,087,439</b>
	<b>1,495,099</b>	<b>1,087,439</b>

The bank loans are secured by a debenture over all property and assets of the company, first legal charge over a property owned by the company, and a guarantee by the directors S K Malhotra and U Malhotra for £2,600,000.

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ROLLING COMPONENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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21. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
<b>Amounts falling due within one year</b>		
Bank loans	269,545	182,779
	<u>269,545</u>	<u>182,779</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	188,335	185,537
	<u>188,335</u>	<u>185,537</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	1,306,763	901,902
	<u>1,306,763</u>	<u>901,902</u>
	<u>1,764,643</u>	<u>1,270,218</u>

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	-	761
	<u>-</u>	<u>761</u>

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ROLLING COMPONENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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23. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>61,175</u>	<u>203,680</u>
<b>Financial liabilities</b>		
Financial assets that are debt instruments measured at amortised cost	3,931,026	3,622,481
Financial liabilities measured at amortised cost	<u>2,236,292</u>	<u>2,273,606</u>
	<u>6,167,318</u>	<u>5,896,087</u>

Financial assets measured at fair value through profit or loss comprise of cash held in bank.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts and trade and other creditors.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018

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24. Deferred taxation

	2018 £
At beginning of year	(88,035)
Charged to profit or loss	(14,751)
<b>At end of year</b>	<b><u>(102,786)</u></b>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(38,650)	(21,758)
Fair value movements	(64,136)	(66,277)
	<b><u>(102,786)</u></b>	<b><u>(88,035)</u></b>

25. Reserves

**Investment property revaluation reserve**

The investment property revaluation reserve represents cumulative effects of fair value adjustments on investment properties net of deferred tax and other adjustments.

**Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

26. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contribution payable by the company to the fund and amounted to £7,206 (2017: £4,512).

**ROLLING COMPONENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2018**

**27. Commitments under operating leases**

At 30 November 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	353,858	353,804
Later than 1 year and not later than 5 years	1,070,265	1,346,651
	1,424,123	1,700,455

**28. Transactions with directors**

S K and U Malhotra have given personal guarantees of £2,600,000 (2017: £2,600,000) against the company's bank borrowings.

**29. Related party transactions**

During the year transactions with the following related parties occurred:

	2018 Interest paid £	2018 Expenses £	2018 Balance £	2017 Balance £
Key Management personnel	5,603	-	-	(363)
Entities Under Common Control	-	549,890	(1,224,534)	(989,354)
	-	549,890	(1,224,534)	(989,354)

**30. Controlling party**

The ultimate parent company is Rollco Group Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is S K Malhotra by virtue of his shareholding in the parent company.

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