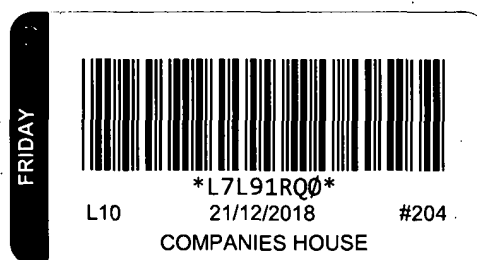


Registered number: 02227183

COMLINE AUTO PARTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



COMLINE AUTO PARTS LIMITED

COMPANY INFORMATION

Directors

D M Kamdar
N K Popat
M C Kamdar
A D Kamdar
I D Kamdar

Company secretary

D M Kamdar

Registered number

02227183

Registered office

Unit B1
Luton Enterprise Park
Sundon Park Road
Luton
Bedfordshire
LU3 3GU

Independent auditor

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

COMLINE AUTO PARTS LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10 - 11
Notes to the Financial Statements	12 - 27

COMLINE AUTO PARTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The principal activity of the Company is the sale of branded automotive spare parts for the UK and European car aftermarket.

Business review

During the year, Comline Auto Parts Limited undertook substantial and significant steps to Brexit proofing the Comline Group business. This involved funding and supporting costs and investments throughout the group's European logistics supply chain - in new and improved warehousing in Greece, Spain and Ireland and significant realigning of stock holdings throughout the Group's European network.

The total costs of this Brexit proofing was about £1m and is reflected in the lower reported profit before tax. The Directors believe that this Brexit proofing puts the Group into a very good position in securing its long term European business irrespective of the outcome of the Brexit negotiations.

With regard to sales for the financial year 2017/18, the Directors are very pleased to report consistent growth across all parts of the business. Sales for the year ended 31 March 2018 were £30.6m (2017 - £27.1m).

Overall, the sales performance has been excellent with growth in all sectors and product groups.

Principal risks and uncertainties

Competition

The Directors consider that the Company can compete effectively in the current environment in its target market. The Company's ability to stabilise costs in a competitive environment will protect it against aggressive price reductions by competitors to gain market share. The Company will continue to compete on the basis of quality and service rather than price.

Foreign currency risk

The Company is exposed to adverse exchange rate movements, particularly in the current political climate in anticipation of Brexit and exposure on USD purchasing. The Directors seek to manage this as far as possible through the application of existing forex mitigation strategies. Although this is not an absolute guarantee, the risk can be effectively managed.

Credit risk

The uncertain economic climate continues to give rise to a higher than usual bad debt risk. The Directors seek to mitigate this by adherence to the Company's robust credit control procedures. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and a provision is made for doubtful debts when necessary.

IT Security

The Directors attach high priority to managing the risks posed by IT security breaches, including a review of cybersecurity and General Data Protection Regulation (GDPR) readiness.

COMLINE AUTO PARTS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Financial key performance indicators

The Directors use both financial and non financial performance indicators in order to monitor the performance of the business. Based on the performance of the business the Board have approved dividends of £Nil (2017 - £500,000)

	2018	2017
	£	£
Turnover	30,569,036	27,126,993
Profit before tax	305,517	1,108,672

Other key performance indicators

The Directors also use non financial performance indicators to monitor the performance of the business. The Company continues to monitor customer satisfaction and supplier relationships throughout the year.

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



D M Kamdar
Director

Date: 19/10/18

COMLINE AUTO PARTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The Directors present their report and the financial statements for the year ended 31 March 2018.

Results and dividends

The profit for the year, after taxation, amounted to £305,517 (2017 - £882,444).

The Directors do not recommend a dividend (2017 - recommended dividend £500,000).

Directors

The Directors who served during the year were:

D M Kamdar
N K Popat
M C Kamdar
A D Kamdar
I D Kamdar

Future developments

The Company will continue to develop and expand the export business into Europe and the introduction of new product groups. The Company will continue to support the growth of its fellow subsidiary companies and to develop the brand.

Directors' responsibilities statement

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.

COMLINE AUTO PARTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Disclosure of information to auditor

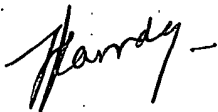
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Post balance sheet events

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

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



D M Kamdar
Director

Date: 19/10/18

COMLINE AUTO PARTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMLINE AUTO PARTS LIMITED

Opinion

We have audited the financial statements of Comline Auto Parts Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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.

COMLINE AUTO PARTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMLINE AUTO PARTS LIMITED
(CONTINUED)**

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.

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 3, 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.

COMLINE AUTO PARTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMLINE AUTO PARTS LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mike Kay BSc ACA CF (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

Date: 31/10/18

COMLINE AUTO.PARTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	30,569,036	27,126,993
Cost of sales		(22,945,243)	(18,585,788)
Gross profit		7,623,793	8,541,205
Distribution costs		(2,704,973)	(2,646,092)
Administrative expenses		(4,673,005)	(4,957,340)
Other operating income	5	295,266	291,983
Operating profit	6	541,081	1,229,756
Interest receivable and similar income	10	48,117	45,519
Interest payable and expenses	11	(283,681)	(166,603)
Profit before tax		305,517	1,108,672
Tax on profit	12	-	(226,228)
Profit for the year		305,517	882,444

There was no other comprehensive income for 2018 (2017 - £Nil).

The notes on pages 12 to 27 form part of these financial statements.

COMLINE AUTO PARTS LIMITED
REGISTERED NUMBER:02227183

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	14	292,647	-
Tangible assets	15	373,297	556,614
		<u>665,944</u>	<u>556,614</u>
Current assets			
Stocks	16	4,666,246	2,845,257
Debtors: amounts falling due within one year	17	11,193,865	9,518,182
Cash at bank and in hand	18	1,714,024	3,460,015
		<u>17,574,135</u>	<u>15,823,454</u>
Creditors: amounts falling due within one year	19	(12,264,504)	(10,850,624)
Net current assets		<u>5,309,631</u>	<u>4,972,830</u>
Total assets less current liabilities		<u>5,975,575</u>	<u>5,529,444</u>
Creditors: amounts falling due after more than one year	20	(140,614)	-
Net assets		<u><u>5,834,961</u></u>	<u><u>5,529,444</u></u>
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account	23	5,834,861	5,529,344
		<u>5,834,961</u>	<u>5,529,444</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D M Kamdar
Director

Date: 19/10/18

The notes on pages 12 to 27 form part of these financial statements.

COMLINE AUTO PARTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	100	5,529,344	5,529,444
Comprehensive income for the year			
Profit for the year	-	305,517	305,517
Total comprehensive income for the year	-	305,517	305,517
At 31 March 2018	100	5,834,861	5,834,961

The notes on pages 12 to 27 form part of these financial statements.

COMLINE AUTO PARTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	100	5,146,900	5,147,000
Comprehensive income for the year			
Profit for the year	-	882,444	882,444
Total comprehensive income for the year	-	882,444	882,444
Dividends: equity capital	-	(500,000)	(500,000)
Total transactions with owners	-	(500,000)	(500,000)
At 31 March 2017	100	5,529,344	5,529,444

The notes on pages 12 to 27 form part of these financial statements.

COMLINE AUTO PARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Comline Auto Parts Limited is a limited liability company incorporated in England and Wales. The Company registration number is 02227183. The registered office is Unit B1, Luton Enterprise Park, Sundon Park Road, Luton, Bedfordshire, LU3 3GU.

The financial statements are rounded to the nearest pound.

The significant accounting policies applied in the presentation of these financial statements are set out below.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Comline Holdings Limited as at 31 March 2018 and these financial statements may be obtained from their registered office as detailed in note 27.

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.3 Revenue**

Revenue from the sale of motor parts 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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 ten years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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 provided on the following basis:

Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line

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.

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.6 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.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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.

2.8 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.

2.9 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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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.

2.11 Invoice discounting

The Company has invoice arrangements in respect of certain trade debtors. These are accounted for using the separate presentation method and, consequently, the trade debtors subject to invoice discounting and the advances against these are shown separately under debtors and creditors.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using an appropriate exchange rate at the date 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.

2.14 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.

2.15 Dividends

Equity dividends are recognised when they become legally payable.

2.16 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.

2.17 Interest income

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

2.18 Borrowing costs

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

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.19 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.

2.20 Taxation

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.

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.21 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgments in applying accounting policies and key sources of estimation uncertainty**3.1 Stock**

Stock is valued at the lower of cost and net realisable value. The Directors assess the net realisable value of stock based on statistical analysis and industry experience and make provisions for obsolescent and slow moving stock where considered appropriate.

4. Turnover

The whole of the turnover is attributable to the sale of own branded automotive parts.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	8,784,463	8,170,410
Rest of Europe	18,668,584	16,558,309
Rest of the World	3,115,989	2,398,274
	<u>30,569,036</u>	<u>27,126,993</u>

5. Other operating income

	2018 £	2017 £
Fees receivable	295,266	291,983
	<u>295,266</u>	<u>291,983</u>

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	275,875	268,300
Exchange differences	(101,603)	84,405
Other operating lease rentals	470,456	421,541
Defined contribution pension cost	18,087	13,687
	<u>275,875</u>	<u>268,300</u>

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	9,900	9,550
Fees payable to the Company's auditor in respect of:		
Other services relating to the statutory accounts and taxation	4,100	3,950
All other services	1,854	6,800
	<u>4,100</u>	<u>3,950</u>

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	2,907,692	2,779,431
Social security costs	276,754	243,331
Cost of defined contribution scheme	18,087	13,687
	<u>3,202,533</u>	<u>3,036,449</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Administrative staff	56	52
Warehouse staff	75	75
	<u>131</u>	<u>127</u>

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	321,871	307,975
Company contributions to defined contribution pension schemes	1,285	1,111
	<u>323,156</u>	<u>309,086</u>

During the year retirement benefits were accruing to 4 Directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £117,512 (2017 - £117,298).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £390 (2017 - £358).

10. Interest receivable

	2018 £	2017 £
Interest receivable from group companies	48,117	45,519
	<u>48,117</u>	<u>45,519</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	91,978	44,650
Other interest payable	191,703	121,953
	<u>283,681</u>	<u>166,603</u>

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	-	226,228
Total current tax	-	226,228

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	305,517	1,108,672
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	58,048	221,734
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,057	10,049
Depreciation for the year in excess of capital allowances	26,930	11,811
Group relief	(89,035)	(17,366)
Total tax charge for the year	-	226,228

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from from 19% to 17% was substantively enacted in September 2016 and will take effect from 1 April 2020.

13. Dividends

	2018 £	2017 £
Dividends payable	-	500,000
	-	500,000

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Intangible assets

	Software Development £
Cost	
Additions	292,647
At 31 March 2018	292,647
Net book value	
At 31 March 2018	292,647
At 31 March 2017	-

No amortisation was charged in the year as the software has yet to be brought into use.

15. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2017	7,350	1,711,139	1,718,489
Additions	-	92,558	92,558
Disposals	-	(27,566)	(27,566)
At 31 March 2018	7,350	1,776,131	1,783,481
Depreciation			
At 1 April 2017	2,718	1,159,157	1,161,875
Charge for the year on owned assets	1,837	274,038	275,875
Disposals	-	(27,566)	(27,566)
At 31 March 2018	4,555	1,405,629	1,410,184
Net book value			
At 31 March 2018	2,795	370,502	373,297
At 31 March 2017	4,632	551,982	556,614

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Stocks

	2018 £	2017 £
Finished goods and goods for resale	4,666,246	2,845,257
	<u>4,666,246</u>	<u>2,845,257</u>

Stock recognised in cost of sales during the year as an expense was £22,945,243 (2017 - £18,585,788).

17. Debtors

	2018 £	2017 £
Trade debtors	5,573,147	4,655,237
Amounts owed by group undertakings	4,637,111	4,393,796
Other debtors	443,368	121,101
Prepayments and accrued income	540,239	348,048
	<u>11,193,865</u>	<u>9,518,182</u>

18. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,714,024	3,460,015
Less: bank overdrafts	(2,113,633)	(2,720,643)
	<u>(399,609)</u>	<u>739,372</u>

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	2,113,633	2,720,643
Bank loans	-	1,000,000
Other loans	80,351	-
Trade creditors	3,800,220	1,888,097
Amounts owed to group undertakings	171,462	121,983
Corporation tax	-	192,053
Other taxation and social security	120,622	116,776
Other creditors	5,793,961	4,542,285
Accruals and deferred income	184,255	268,787
	<u>12,264,504</u>	<u>10,850,624</u>

The bank overdraft of £2,113,633 (2017 - £2,720,643) and other creditors totalling £5,793,961 (2017 - £4,542,285) are secured by a debenture comprising fixed and floating charges over all the assets and undertakings of Comline Auto Parts Limited including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future.

The other loan of £80,351 (2017 - £Nil) is secured by a cross company and personal guarantee.

An unlimited composite multilateral company guarantee has been given by Comline Auto Parts Limited, Allied Comline Limited, Motaquip Limited, Comline Hellas S.A, Comline Iberica S.L, Comline Holdings Limited and Royson Holdings Limited.

In addition, a guarantee has been given by two Directors of the Company to secure all liabilities of the Company to a limit of £250,000.

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

	2018 £	2017 £
Other loans	140,614	-
	<u>140,614</u>	<u>-</u>

The other loan of £140,614 (2017 - £Nil) is secured by a cross company and personal guarantee.

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	-	1,000,000
Other loans	80,351	-
	<u>80,351</u>	<u>1,000,000</u>
Amounts falling due 1-2 years		
Other loans	80,351	-
	<u>80,351</u>	<u>-</u>
Amounts falling due 2-5 years		
Other loans	60,263	-
	<u>60,263</u>	<u>-</u>
	<u>220,965</u>	<u>1,000,000</u>

22. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

23. Reserves**Profit and loss account**

The profit and loss account is the accumulation of distributable profits from the current and previous periods.

24. Pension commitments

The Company operates a defined contributions 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 contributions payable by the Company to the fund and amounted to £18,087 (2017 - £13,687). Contributions of £6,253 (2017 - £6,317) were payable to the fund at the balance sheet date.

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

25. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	519,283	535,022
Later than 1 year and not later than 5 years	1,699,010	1,787,468
Later than 5 years	191,075	573,225
	<u>2,409,368</u>	<u>2,895,715</u>

26. Related party transactions

The Company has taken advantage of the exemption in Section 33.1A in FRS 102 from the requirement, to disclose transactions entered into with its parent company as a wholly owned subsidiary, or with any other wholly owned members of the group.

The Company has also taken advantage of the reduced disclosure requirements in Section 33 Related Party Disclosures for information disclosed in the consolidated financial statements.

Allied Comline Limited, a company registered in England and Wales is a 49% subsidiary of Comline Holdings Limited. During the year, management charges of £249,624 (2017 - £249,624) were charged to Allied Comline Limited and purchases of £2,804,730 (2017 - £3,115,682) incurred from that company. At the Balance Sheet date an amount of £171,462 (2017 - £121,983) was due from Allied Comline Limited.

Comline Ireland Limited, a company registered in the Republic of Ireland is a 48% subsidiary of Comline Holdings Limited. During the year, sales of £1,251,182 (2017 - £Nil) were made to that company. At the Balance Sheet date an amount of £376,080 (2017 - £381,280) was due from Comline Ireland Limited.

The bank facilities held by Comline Auto Parts Limited are secured by a debenture on assets of the Company and other members of the group. In addition, an unlimited cross company guarantee has been given by each of the group members to secure all liabilities of each other.

A guarantee has been given by two Directors of the Company to secure all liabilities of the Company to a limit of £250,000.

The details of these securities have been disclosed in note 19.

COMLINE AUTO PARTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

27. Controlling party

The Company was under direct control of Comline Holdings Limited a company incorporated in England and Wales. Comline Holdings Limited is the parent of the smallest group for which consolidated financial statements are drawn up. Comline Holdings Limited has included the Company in its group financial statements which are publicly available. The registered office of Comline Holdings Limited is Unit B1, Luton Enterprise Park, Sundon Park Road, Luton, Bedfordshire, LU3 3GU.

Royston Holdings Limited, a company incorporated in England and Wales, is the ultimate parent entity of the largest group for which consolidated financial statements are drawn up.

The ultimate controlling party is D M Kamdar by virtue of his shareholding in Royston Holdings Limited.