

# **Autorestore Limited**

## **Annual report and Financial Statements**

Registered number 02354648

31 December 2018



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## Strategic report for the year ended 31 December 2018

### Strategic report

The directors present the strategic report for the year ended 31 December 2018.

#### Business review

The principal activity of Autorestore Limited is the mobile repair of minor accident damage to vehicles and is unchanged comparing to the previous year.

Turnover for the year ending 31 December 2018 was £16,173,000 (2017: £15,263,000), with gross profit of £6,611,000 (2017: £6,046,000). After deducting central costs, the Company recorded an operating profit of £178,000 (2017: £130,000).

The Company's key financial and other performance indicators during the year were as follows:

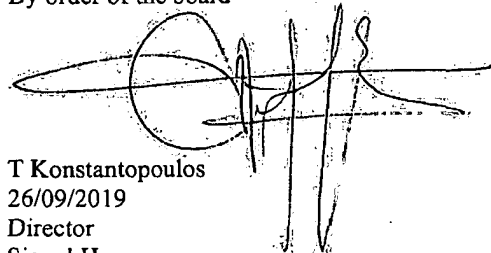
	2018 £'000	2017 £'000	Change
Turnover	16,173	15,263	6.0%
Gross profit	6,611	6,046	9.3%
(Loss)/Profit for the year after tax	(255)	(291)	12.4%
Shareholders' deficit	(5,647)	(5,392)	-4.7%
Average number of employees	207	221	

The business focus will be to continue to support the activities of the Belron Group in the UK vehicle repair sector. There is no expectation of a change in strategic emphasis in the foreseeable future. The expectation is that the growth of the Group will support the continuing operation of the Company and deliver new commercial opportunities for revenue and profit generation.

#### Principal risks and uncertainties

A growing car park and increasing miles driven continue to provide a healthy economic platform for the business to grow in crash repair and the automotive market overall. The directors have considered these factors, as well as any potential impact following the UK's forthcoming exit from the EU, and thus continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the board



T Konstantopoulos  
26/09/2019  
Director  
Signal House  
Crown Way  
Crown Park  
Rushden  
Northamptonshire  
NN10 6BS

## **Directors' report**

### **for the year ended 31 December 2018**

The directors present their report and financial statements for the year ended 31 December 2018.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £255,000 (2017: loss: £291,000). Nil dividends (2017: nil) were declared, or paid during the year.

#### **Principal activities and review of the business**

On 28 November 2017, S.A. D'Ieteren N.V. and Clayton, Dubilier & Rice ("CD&R") signed a definitive agreement regarding the acquisition by CD&R of a 40% ownership interest in the Belron Group. The closing of the transaction took place on 7 February 2018 and S.A. D'Ieteren ceased to have exclusive control of the Belron Group. As of 31 December 2018 S.A. D'Ieteren has a 54.10% economic interest in BGSA and 54.85% voting rights. CD&R Blossom Bidco S.à r.l (the CD&R entity that owns the shares in BGSA) has a 39.45% economic interest in BGSA and 40% voting rights. The directors of the Company consider S.A. D'Ieteren N.V. to be the ultimate beneficial owner of the Company by virtue of voting rights.

#### **Business and financial review**

The business and financial review are discussed in the strategic report on page 1.

#### **Directors**

The directors who served the Company during the year ending the 31 December 2018, were as follows:

R Bass  
D Meller  
N Doggett  
C Eldridge (Resigned 25 April 2019)  
P Lewis (Resigned 31 March 2018)  
T Konstantopoulos (Appointed 14 May 2018)  
N Atherton (Appointed 14 May 2018, Resigned 10 June 2019)  
A Bentley (Appointed 10 June 2019)

#### **Directors' qualifying third party indemnity provisions**

s.a.D'Ieteren n.v has a Directors' & Officers' Liability insurance policy in place for the directors and officers of all Group companies.

#### **Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the net current liabilities of £6,924,000 which the directors believe to be appropriate for the following reason. The company is dependent for its working capital on funds provided by Belron International Limited, another group company. Belron International Limited has indicated that for at least 12 months from the date of these financial statements, it will continue to make available such funds as needed by the company. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Also as disclosed in note 19, subsequent to the balance sheet date the Company extended the loan, which was classified as a current liability in these financial statements to March 2020.

#### **Political contributions**

The Company did not make any political donations or incurred any political expense during the year (2017: nil).

#### **Directors' statement as to disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that ought to be taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Directors' report**  
for the year ended 31 December 2018

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**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board:



T Konstantopoulos  
26/09/2019  
Director  
Signal House  
Crown Way  
Crown Park  
Rushden  
Northamptonshire  
NN10 6BS

## **Statement of directors' responsibilities in respect of the Strategic report, the Director's report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Independent auditor's report to the members of Autorestore Limited

## Opinion

We have audited the financial statements of Autorestore Limited ("the company") for the year ended 31 December 2018 which comprise the statements of Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended,
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of non-current assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

# **Independent auditor's report to the members of Autorestore Limited**

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.

  
**Zulfikar Walji (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

26/09/2019



## Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Turnover</b>	2	16,173	15,263
Cost of sales		(9,562)	(9,217)
<b>Gross profit</b>		6,611	6,046
Distribution costs		(4,066)	(3,934)
Administrative expenses		(2,367)	(1,982)
<b>Operating Profit</b>	3	178	130
Interest payable and similar charges	6	(286)	(316)
<b>Loss before taxation</b>		(108)	(186)
Tax on Loss	7	(147)	(105)
<b>(Loss) for the period</b>		(255)	(291)
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		(255)	(291)

All results relate to continuing operations.

The statement of profit and loss and other comprehensive income should be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 32.

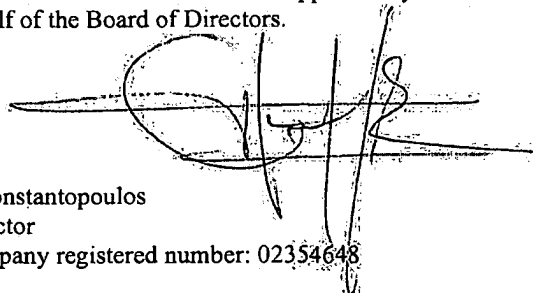
## Balance Sheet

at 31 December 2018

	Notes	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	10	60	89
Tangible assets	9	1,217	1,636
		<u>1,277</u>	<u>1,725</u>
<b>Current assets</b>			
Debtors (including £158,560 (2017: £170,609) due after more than one year)	11	3,799	3,908
		<u>3,799</u>	<u>3,908</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(10,527)	(10,360)
Bank overdraft		(196)	(664)
		<u>(6,924)</u>	<u>(7,116)</u>
<b>Net current Liabilities</b>			
		<u>(5,647)</u>	<u>(5,391)</u>
<b>Total assets less current liabilities</b>			
		<u>(5,647)</u>	<u>(5,391)</u>
<b>Provisions for Liabilities</b>	13	-	(1)
		<u>(5,647)</u>	<u>(5,392)</u>
<b>Net Liabilities</b>			
		<u>(5,647)</u>	<u>(5,392)</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Share Premium	17	14,969	14,969
Profit and loss account	17	(20,617)	(20,362)
		<u>(5,647)</u>	<u>(5,392)</u>
<b>Shareholder's deficit</b>	17	<u>(5,647)</u>	<u>(5,392)</u>

The balance sheet should be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 32.

These financial statements were approved by the Board of Directors on 26 September 2019 and signed on behalf of the Board of Directors.



T Konstantopoulos  
Director  
Company registered number: 02354648

Date: 26/09/2019

## Statement of Changes in Equity

for the year ended 31 December 2018

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Profit and loss account</i>	<i>Total Shareholders funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 January 2017	1	14,969	(20,071)	(5,101)
Total comprehensive loss for the year			(291)	(291)
As at 31 December 2017	<u>1</u>	<u>14,969</u>	<u>(20,362)</u>	<u>(5,392)</u>
As at 1 January 2018	1	14,969	(20,362)	(5,392)
Total comprehensive loss for the year			(255)	(255)
As at 31 December 2018	<u>1</u>	<u>14,969</u>	<u>(20,617)</u>	<u>(5,647)</u>

The statement of changes in equity should be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 32.

## Notes to the financial statements

for the year ended 31 December 2018

### 1. Accounting policies

Autorestore Limited (the "Company") is a company incorporated, domiciled and registered in the UK. The registered number is 02354648 and the registered address is Signal House, Crown Way, Crown Park, Rushden, Northamptonshire NN10 6BS.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 January 2014 have not been restated.

The Company's ultimate parent undertaking, S.A. D'Ieteren N.V. includes the Company in its consolidated financial statements. The consolidated financial statements of S.A. D'Ieteren N.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from S.A. D'Ieteren N.V., Rue du Mail 50, B-1050, Brussels, Belgium.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Investment in subsidiaries – carrying amount of the Company's cost of investment in subsidiaries under existing UK GAAP is its deemed cost at 1 January 2014 on transition to FRS 101;
- Certain disclosures regarding revenue;
- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

As the consolidated financial statements of S.A. D'Ieteren N.V. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (*continued*)

#### 1.1 *New accounting standards effective 2018*

##### **IFRS 15 Revenue from contracts with customers**

On 1 January 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers, using the modified retrospective method for contracts which were not completed as of that date. The Company applied the practical expedients in relation to contracts with variable consideration and contracts that were completed at the beginning of the earliest period presented and/or modified before the beginning of the earliest period presented.

Under IFRS 15, revenue is recognised when the performance obligations to deliver products or services are satisfied and revenue is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligations.

The Company undertook a detailed impact assessment applying IFRS 15 to all the existing ways in which the Company delivers products or services to customers to identify divergence with previous accounting practice governed by IAS 18 Revenue and concluded that IFRS 15 does not have a significant impact on the timing and recognition of revenue. Accordingly, there was no impact on transition to IFRS 15.

##### **IFRS 9 Financial Instruments**

On 1 January 2018, the Company adopted IFRS 9 Financial Instruments. The Company has not restated comparative information for prior periods with respect to classification and measurement (including loss allowance) requirements.

The amendments to IFRS 9 mainly relate to the classification and measurement of financial instruments. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: Recognition and Measurement for the classification and measurement of financial liabilities; however, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The Company elected to continue to apply the hedge accounting guidance in IAS 39 Financial Instruments: Recognition and Measurement.

With respect to loss allowances for trade receivables, IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The Company, from 1 January 2018, will measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. In determining credit risk, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, and forward-looking information.

The Company performed the calculation of ECL rates separately for customer groups which were segmented based on common risk characteristics such as credit risk grade and type of customer (such as insurance and retail). The Company has determined that the application of IFRS 9 at 1 January 2018 does not have a significant impact and there was no impact on transition to IFRS 9.

A number of other new amendments to standards are effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (continued)

#### 1.2 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted them in preparing these financial statements and other than IFRS 16 does not expect these to have a material impact on the Company's financial statements in future periods.

#### IFRS 16 Leases

The Company is required to adopt IFRS 16 Leases from 1 January 2019. The Company has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company will recognise new assets and liabilities for its operating leases (mainly buildings rentals). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise separate provisions for operating leases that it assesses to be onerous because any relevant payments due under the lease would be included in its lease liability. An impairment test on the right of use asset would also replace the requirement for assessment of onerous lease provisions.

No significant impact is expected for the Company's current finance leases.

Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of circa £224k and corresponding right of use assets of circa £259k, with an expected tolerance of plus or minus £10k on these amounts. It is estimated that there will be no impact on opening retained earnings. The assessment of the deferred tax impact as a result of the recognition of these new balances is on-going, as well as the assessment of any 'day 1' impairment of the right of use assets.

The Company does not expect the adoption of IFRS 16 to impact its ability to comply with the terms of any borrowings.

The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (*continued*)

#### 1.3 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.4 Going concern

Notwithstanding net current liabilities of £6.9m as at 31 December 2018, a loss for the financial year then ended of £0.3m the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its funding from its immediate parent company, Belron International Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Belron International Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2018 amounted to £6.5m, and providing additional financial support during that period. Belron International Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

#### 1.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency (being GBP) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.6 Derivative financial instruments and hedging

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (continued)

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

#### 1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Plant and machinery - 7 - 17.5 % per annum

No depreciation is provided on freehold land.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.8 Business combinations

Subject to the transitional relief in IFRS 1, all unincorporated business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the company.

##### *Acquisitions prior to 1 January 2014 (date of transition to IFRSs)*

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Company elected not to restate business combinations that took place prior to transition date. In respect of acquisitions prior to 1 January 2014, goodwill is included at transition date or earlier if applicable on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased as required by IFRS 1.

#### 1.9 Intangible assets

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Intangible asset are amortised from the date they become available for use and is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets.

Capitalised development costs: 3 years



## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (*continued*)

#### 1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and deposits in highly liquid money market funds held by the Group. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### 1.12 Impairment excluding stocks, and deferred tax assets

##### a) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset (excluding receivables) is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company, from 1 January 2018, will measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. In determining credit risk, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, and forward-looking information.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### b) Financial Instruments

##### i) Non-Derivative Financial Assets and Financial Liabilities – Recognition and De-recognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (continued)

#### ii) Non-derivative financial assets – Measurement

A financial asset is classified as at fair value through the profit and loss account (“FVTPL”) if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised costs are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Financial assets at fair value through profit and loss are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

#### iii) Non-derivative financial liabilities – Measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

#### iv) Derivative Financial Instruments and Hedging Activity

The Company may use derivatives to manage its exposures to fluctuating interest rates, foreign exchange rates and commodity prices. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. Derivatives that qualify for hedge accounting are treated as a hedge of a highly probable forecast transaction (cash flow hedge).

At inception, the relationship between the hedging instrument and the hedged item is documented, as is an assessment of the effectiveness of the derivative instrument used in the hedging transaction in offsetting changes in the cash flow of the hedged item. This effectiveness assessment is repeated on an ongoing basis during the life of the hedging instrument to ensure that the instrument remains an effective hedge of the transaction.

#### - Derivatives classified as cash flow hedges

The effective portion of changes in the fair value is recognised in other comprehensive income. Any gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement.

Amounts recognised in other comprehensive income are recycled to the Consolidated Income Statement in the period when the hedged item will affect profit or loss. If the hedging instrument expires or is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (continued)

comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the Consolidated Income Statement. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in other comprehensive income is immediately transferred to the Consolidated Income Statement.

#### - Derivatives that do not qualify for hedge accounting

These are classified at fair value through profit or loss. All changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Consolidated Income Statement.

### 1.13 Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is another member of the group. The Company then recognises a cost equal to its contribution payable for the period.

#### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (continued)

#### *Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### *1.14 Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### *1.15 Revenue recognition*

On 1 January 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers.

Under IFRS 15, revenue is recognised as the performance obligations to deliver products or services are satisfied and revenue is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligations. The Company undertook a detailed impact assessment applying IFRS 15 to all the existing ways in which the Company delivers goods or services to customers to identify divergence with previous accounting practice governed by IAS 18 Revenue and concluded that IFRS 15 does not have a significant impact on the timing and recognition of revenue. Accordingly, there was no impact on transition to IFRS 15.

In the Income Statement, sales of goods and rendering of services are presented under the heading "Revenue".

The Company recognises revenue when it transfers control over a product or service to a customer. The transfer of control is considered to have occurred when either the job (repair and/or replacement) is completed or a service (claims management) has been provided. Revenue is recognised based on the transaction price specified in the contract, net of the estimated volume discounts/rebates. Accumulated experience is used to estimate and provide for rebates/discounts and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Company derives revenue at a point in time and has no material contracts with customers where revenue is derived over a period of time.

The Company does not expect to have any contracts where the period between the transfer of the promised repair/replacement or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

In the comparative period, when IAS 18 was applicable, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when all the following conditions were satisfied:

- i) the Company had transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) the Company retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) the amount of revenue could be measured reliably and it was probable that the economic benefits associated with the transaction will flow to the Company.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 1 Accounting policies (continued)

#### 1.16 Expenses

##### *Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

*Interest receivable and Interest payable* - Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

#### 1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 2 Revenue

#### 2.1 Revenue recognition

The Company generates revenue through one principal activity which is Automotive Damage Repair and Replacement (ADRR). The Company's revenue is primarily generated within the UK and the directors believe that the revenue generated outside the UK is not materially significant in order to be disaggregated by geographical region.

The ADRR activities principally generate revenue by providing automotive repair services such as minor and major accident damage repairs.

Revenue for ADRR is recognised when an individual job is completed and the transaction price is generally the price agreed with the customer that is considered highly probable not to reverse less any volume related rebates and discounts.

### 3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018 £'000	2017 £'000
Auditors remuneration - audit of the financial statements	24	23
Depreciation	581	506
Operating lease rentals	868	812

### 4 Staff numbers and costs

	2018 £'000	2017 £'000
Wages and salaries	6,477	6,603
Social security costs	557	674
Other costs & pension (note 14)	318	309

	2018 No.	2017 No.
--	-------------	-------------

The average number of employees during the year was as follows:

Administrative staff	77	80
Distribution and fixing	130	141
	<u>207</u>	<u>221</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 5 Directors Emoluments

	2018	2017
	£'000	£'000
Directors' remuneration	278	198
Company contributions to pension plans	-	9

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £278,033 (2016: £197,863), and Company pension contributions of £nil (2017: £9,323) were made to a money purchase scheme on his behalf. They are a member of a defined benefit scheme, under which his accrued pension at the year-end was £43,799 (2017: £43,149), and his accrued lump sum was £nil (2017: £nil).

	2018	2017
	No.	No.
Number of directors accruing benefits under defined benefit schemes	1	1

The directors participate in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. See note 13.

### 6 Interest payable and similar charges

	2018	2017
	£'000	£'000
Interest payable to group undertakings	286	316
	<u>286</u>	<u>316</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 7 Tax on loss on ordinary activities

#### (a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2018 £'000	2017 £'000
Current tax:		
Corporation tax - current year	3	(40)
Corporation tax - prior year	165	141
Total current tax (note 7(b))	168	101
Deferred tax:		
Origination and reversal of timing differences	(23)	6
Prior year adjustments	-	(1)
Effect of changes in tax rate	2	(1)
Total deferred tax (note 7(c))	(21)	4
Tax on Loss on ordinary activities	<u>147</u>	<u>105</u>

#### (b) Factors affecting current tax credit

The major factors affecting the tax charge in the medium term are expected to be the level of permanent differences and the impact of the differences between depreciation and capital allowances.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013.

Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.



## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 7 Tax on profit/(loss) on ordinary activities (continued)

The tax charge for the year can be reconciled to the loss per the profit and loss account as follows:-

	2018 £'000	2017 £'000
Loss on ordinary activities before tax	<u>(108)</u>	<u>(186)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%).	(20)	(36)
Permanent differences	1	-
<b>Timing Differences</b>		
Other timing differences	(1)	1
Prior year differences	165	141
Effect of changes in tax rates	2	(1)
<b>Total tax charge</b>	<b>147</b>	<b>105</b>

### (c) Deferred tax asset

	2018 £'000	2017 £'000
Deferred tax included in the balance sheet is as follows:		
Depreciation in excess of capital allowances	154	134
Other timing differences	5	4
	<u>159</u>	<u>138</u>
At 1 January	138	142
Movement in the year	21	(4)
At 31 December	<u>159</u>	<u>138</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 8 Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	2018 £'000	2017 £'000
At 1 January 2018 - DT asset	138	134
Provisions	21	4
Tax asset	159	138
Net of tax asset	159	138
At 31 December 2018 closing DT asset	159	138

### 9 Tangible fixed assets

	Plant & Machinery £'000	Total £'000
Cost:		
At 1 January 2018	2,845	2,845
Additions	162	162
At 31 December 2018	<u>3,007</u>	<u>3,007</u>
Depreciation:		
At 1 January 2018	1,209	1,209
Charge for the year	581	581
At 31 December 2018	<u>1,790</u>	<u>1,790</u>
Net book value:		
At 31 December 2018	<u>1,217</u>	<u>1,217</u>
At 1 January 2018	<u>1,636</u>	<u>1,636</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 10 Intangible Assets

	£'000
Cost:	
At 1 January 2018	89
Additions	1
Disposals	-
At 31 December 2018	<u>90</u>
Amortisation:	
At 1 January 2018	-
Charge for the year	30
Disposals	-
At 31 December 2018	<u>30</u>
Net book value:	
At 31 December 2018	<u>60</u>
At 1 January 2018	<u>89</u>

### 11 Debtors

	2018 £'000	2017 £'000
Trade debtors	3,462	3,284
Amounts owed from group undertakings*	4	36
Corporation tax	35	258
Prepayments and accrued income	139	192
Deferred tax asset** (see note 8)	<u>159</u>	<u>138</u>
	<u>3,799</u>	<u>3,908</u>

\*Including £nil (2017: £33,167) due after more than 1 year

\*\*Due after more than 1 year

The trade debtors are expected to be recovered within 12 months. Concentrations of credit risk with respect to receivables are limited due to the diversity of the Company's customer base.

Consolidated Statement of Financial Position amounts are stated net of provisions for doubtful debts and, accordingly, the maximum credit risk exposure is the carrying amount of the receivables in the Consolidated Statement of Financial Position.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historic payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted where relevant to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

11 Debtors (continued)

The loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) for was as follows for trade receivables:

£'000	Current	More than 30 days past due	More than 60 days past due	More than 180 days past due	Total
At 1 January 2018	1,039	1,182	720	880	3,821
Less: Provision for specific debts				(400)	(400)
Gross carrying amount	1,039	1,182	720	480	3,421
Expected loss rate	0.4%	0.5%	2.3%	23.0%	
Non-specific loss allowance	(4)	(6)	(17)	(110)	(137)
<b>Total loss allowance</b>	<b>(4)</b>	<b>(6)</b>	<b>(17)</b>	<b>(510)</b>	<b>(537)</b>

£'000	Current	More than 30 days past due	More than 60 days past due	More than 180 days past due	Total
At 31 December 2018	1,136	1,420	778	686	4,020
Less: Provision for specific debts				(400)	(400)
Gross carrying amount	1,136	1,420	778	286	3,620
Expected loss rate	0.4%	0.5%	2.3%	33.2%	
Non-specific loss allowance	(4)	(8)	(18)	(128)	(158)
<b>Total loss allowance</b>	<b>(4)</b>	<b>(8)</b>	<b>(18)</b>	<b>(528)</b>	<b>(558)</b>

Trade receivables are written off when there is no reasonable expectation of recovery.

The closing loss allowances for trade receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

£000	2018	2017
At 1 January	537	558
Amounts restated through opening retained earnings		
Opening loss allowance as at 1 January	537	558
Loss allowances recognised in profit or loss during the year	21	
Receivables written off during the year as uncollectable		(21)
<b>At 31 December</b>	<b>558</b>	<b>537</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

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

	2018	2017
	£'000	£'000
Trade creditors	289	278
Amounts owed to group undertakings*	7,317	7,845
Other taxation and social security	753	201
Accruals and deferred income	2,142	2,015
Other creditors	26	21
	<u>10,527</u>	<u>10,360</u>

\*Includes £6,514 (2017: £6,514) as an Intercompany loan which matures in 30 March 2020. See note 19.

**13 Commitments under operating leases**

Annual commitments under non-cancellable operating leases are as follows:

	2018	2017
	£'000	£'000
Operating leases which expire:		
Within one year	578	782
In two to five years	510	1312
In over five years	-	-
	<u>1,088</u>	<u>2,094</u>

During the year £868,314 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £812,135).

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 14 Employee benefits

Belron International Limited operates a pension plan with two defined benefit sections - a Final Earnings Section and a Retirement Capital Section. The defined benefit sections of the Plan were closed to future retirement benefit accrual with effect from 31 May 2015, however, certain death in service and ill-health retirement benefits are provided to defined benefit members who remain in service.

The Plan also has one Defined Contribution Section which was opened to new members with effect from 1 October 2011 and to defined benefit members from 1 June 2015. Employer contributions to the defined benefit sections for the year beginning 1 January 2019 are expected to be approximately £18k.

The defined benefit obligation of the group plan is recognised on the balance sheet of Belron® International Limited (immediate parent undertaking) along with the relevant disclosure requirements, therefore the Company has accounted for the pension scheme as a defined contribution pension scheme.

The total expense relating to the defined benefit plan was £25,000 (2017: £38,000)

The financial statements of Belron International Limited are available to the public and may be obtained from Companies House.

The Plan policy for charging net defined benefit costs to the other group plan members is to account for the pension scheme as a defined contribution pension scheme.

#### Defined contribution plans

The Company operates one defined contribution pension plan. The total expense relating to this plan in the current year was £298,000 (2017: £169,000)

#### Defined benefit plans

A full actuarial valuation of the scheme was carried out as at 31 March 2017 and has been updated to 31 December 2018 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	<i>At</i> <i>31 December 2018</i>	<i>At</i> <i>31 December 2017</i>
Discount rate	2.80%	2.40%
Inflation assumption (RPI)	3.20%	3.50%
Inflation assumption (CPI)	2.40%	2.70%
Rate of increase in salaries	4.90%	5.20%
Rate of increase to pensions in payment accrued pre 6/4/97	2.50%	2.60%
Rate of increase to pensions in payment accrued post 6/4/97	3.10%	3.40%

Assumed life expectancies on retirement at age 65 are:

	<i>At 31 December 2018</i>	<i>At 31 December 2017</i>
Retiring today - Males	22.4 years	22.6 years
Retiring today - Females	23.9 years	24.0 years
Retiring in 20 years time - Males	23.8 years	24.0 years
Retiring in 20 years time - Females	25.4 years	25.6 years

The assumptions used in determining the overall expected return of the plan's assets have been set with reference to yields available on government bonds and appropriate risk margins.

The assets in the scheme were:

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

14 Employment benefits (continued)

	Value at 31 December 2018 £000s	Value at 31 December 2017 £000s
Equities	136,060	168,264
Corporate Bonds	41,988	39,654
Government Bonds	168,378	156,683
Cash	20,261	20,358
Standard Life GARS	34,097	36,162
Fair value of scheme assets	<u>400,784</u>	<u>421,121</u>

The actual return/(loss) on assets of the Plan was £(8.4m) as at 31 December 2018 (2017: £51.3m).

The amounts recognised in the balance sheet of Belron International Limited (immediate parent undertaking) are as follows:

	31 December 2018 £000s	31 December 2017 £000s
Present value of funded obligations:	320,697	386,400
Fair value of scheme assets	<u>400,784</u>	<u>421,121</u>
Surplus/(deficit) in funded scheme	80,087	34,721
Present value of unfunded obligations:		
Surplus/ (deficit)	<u>80,087</u>	<u>34,721</u>
Net asset/(liability) in balance sheet	<u>80,087</u>	<u>34,721</u>

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	31 December 2018 £000s	31 December 2017 £000s
Benefit obligation at beginning of year	386,400	397,125
Current Service cost	846	861
Interest cost	9,126	10,581
Net remeasurement (gains)/losses - financial	(52,900)	20,014
Net remeasurement (gains)/losses - demographic	(11,661)	(12,183)
Net remeasurement (gains)/losses - experience	808	(18,609)
Benefits paid	(13,207)	(11,389)
Past service cost	1,285	-
Benefit obligation at end of year	<u>320,697</u>	<u>386,400</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 14 Employment benefits (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets:

	31 December 2018 £000s	31 December 2017 £000s
Fair value of scheme assets at beginning of year	421,121	380,203
Interest income on scheme assets	9,965	10,126
Return on assets, excluding interest income	(17,851)	41,623
Contributions by employers	1,267	1,018
Benefits paid	(13,207)	(11,389)
Scheme administrative cost	(511)	(460)
Fair value of scheme assets at end of year	<u>400,784</u>	<u>421,121</u>

The amounts recognised in profit or loss of Belron International Limited:

	31 December 2018 £000s	31 December 2017 £000s
Service cost - including current service costs, curtailments, past service costs and settlements	2,131	861
Service cost - administrative cost	511	460
Net interest on the net defined benefit liability	(839)	455
Total expense	<u>1,803</u>	<u>1,776</u>

Re-measurements of the net defined benefit liability (asset) to be shown in OCI of Belron International Limited:

	31 December 2018 £000s	31 December 2017 £000s
Net remeasurement (gains)/losses - financial	(52,900)	20,014
Net remeasurement (gains)/losses - demographic	(11,661)	(12,183)
Net remeasurement (gains)/losses - experience	808	(18,609)
Return on assets, excluding interest income	17,851	(41,623)
Total re-measurement of the net defined benefit liability (asset) to be shown in OCI	<u>(45,902)</u>	<u>(52,401)</u>



## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 15 Guarantees and other financial commitments

#### a) VAT

The Company is registered for VAT purposes in a group of UK undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the UK Group, and failure by other members of the group could give rise to additional liabilities for the Company.

#### b) Borrowings

Autorestore Limited Ltd (the "Guarantor") is a guarantor in respect of the obligations of Belron Finance Limited and Belron Finance US LLC (together the "Borrowers") under a credit agreement dated 7 November, 2017 and entered into between, amongst others, the Borrowers, J.P. Morgan Europe Limited and Wilmington Trust (London) Limited (the "Credit Agreement").

The obligations of the Guarantor under such guarantee principally relate to the guaranteeing of the obligations of the Borrowers in respect of the repayment of the principal amounts of (i) term loans of USD 1,015 million, USD 455 million and EUR 425 million, and (ii) a revolving credit facility of EUR 280 million (the "RCF") (and, in each case, interest thereon (and, in respect of the RCF, in respect of amounts drawn thereunder) calculated in accordance with the relevant provisions of the Credit Agreement).

The term loans of USD 1,015 million and EUR 425 million each mature on 7 November, 2024, the term loan of USD 455 million matures on 13 November, 2025 and the RCF matures on 7 November, 2023.

### 16 Share capital

	No.	<i>Allotted, called up and fully paid</i>	
		<i>2018</i>	<i>2017</i>
		<i>£000</i>	<i>No.</i>
			<i>£000</i>
Ordinary A shares of 1 pence each	101,000	1	101,000
Ordinary B shares of 1 pence each	5,316	-	5,316

### 17 Reconciliation of shareholders' deficit and movement on reserves

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Profit and loss account</i>	<i>Total share-holders' deficit</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 January 2018	1	14,969	(20,362)	(5,392)
Total comprehensive income for the year			(255)	(255)
Prior period adjustment			-	-
As at 31 December 2018	1	14,969	(20,617)	(5,647)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2018

### 18 Ultimate parent company

The largest and smallest group in which the results of the Company are consolidated is that headed by Belron Group S.A.

The consolidated financial statements of Belron Group S.A. are available to the public and may be obtained from their registered office at Belron Group S.A., 9b Boulevard Prince Henri, L-1724, Luxembourg, R.C.S. Luxembourg B216991.

The Company is a subsidiary undertaking of Belron International Limited which is registered in England and Wales.

On 28 November 2017, S.A. D'Ieteren N.V. and Clayton, Dubilier & Rice ("CD&R") signed a definitive agreement regarding the acquisition by CD&R of a 40% ownership interest in the Belron Group. The closing of the transaction took place on 7 February 2018 and S.A. D'Ieteren ceased to have exclusive control of the Belron Group. As of 31 December 2018 S.A. D'Ieteren has a 54.10% economic interest in BGSA and 54.85% voting rights. CD&R Blossom Bidco S.à r.l (the CD&R entity that owns the shares in BGSA) has a 39.45% economic interest in BGSA and 40% voting rights. The directors of the Company consider S.A. D'Ieteren N.V. to be the ultimate beneficial owner of the Company by virtue of voting rights.

### Related Undertakings

Name of Undertaking	Country of Incorporation	Registered Office	Share class	Direct
Co Sec Number 4 Limited	United Kingdom	Signal House, Crown Way, Crown Park, Rushden, Northants, NN10 6BS	£1.00 Ordinary shares	100.00

### 19 Subsequent Events

Subsequent to the balance sheet date, the Company extended a loan for the total amount of £6,514,000 up to 30<sup>th</sup> March 2020. As of the balance sheet date this loan was classified as a current liability, maturing in March 2019.