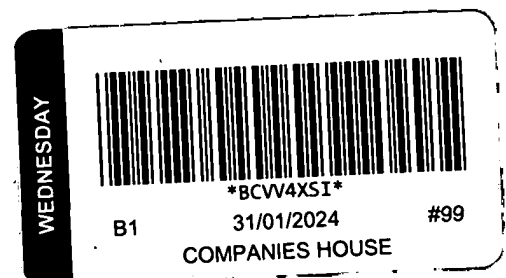


FMG REPAIR SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023



FMG REPAIR SERVICES LIMITED

COMPANY INFORMATION

Directors	M Ward PH Stead PJ Vincent
Company secretary	JES Kerton
Registered number	05120241
Registered office	Pinesgate Lower Bristol Road Bath BA2 3DP

FMG REPAIR SERVICES LIMITED

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FMG REPAIR SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2023

Introduction

The directors present their strategic report for the financial year 1 May 2022 to 30 April 2023.

Business review

The Company's turnover was £185,234,000 (2022: £162,586,000), an increase of 14% and the loss for the year before taxation was £715,000 (2022: £1,236,000). The improvement in performance was primarily driven by contract wins and improved operating efficiency.

Principal risks and uncertainties and key performance indicators

The Directors of Redde Northgate plc, the ultimate parent company, manage the Group's risks and performance on a divisional basis. The Directors of the Company therefore believe that the principal risks and uncertainties of Redde Northgate plc, as well as the key performance indicators of Redde Northgate plc, encompass those of the Company. The principal risks and uncertainties of Redde Northgate plc are discussed on pages 44 to 49 of the Group's Annual Report, which does not form part of this report. The key performance indicators of Redde Northgate plc are discussed on pages 28 and 29 of the Group's Annual Report, which does not form part of this report.

Directors' statement of compliance with duty to promote the success of the Company

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The interests of the Company's employees;
- The need to foster the Company's relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment; and
- The desirability of the Company maintaining a reputation for high standards of business conduct.

Having regard to employees' interests

The Board attaches great importance to the skills and experience of the management and employees of the Company. Its aim is to retain the best talent and believes that they will benefit from the opportunities within the Company.

The Board is committed to consulting, as appropriate, with relevant employees and employee representatives on a regular basis and has worked hard to ensure effective communication with all employees during the year. Further information on the Company's employee policies is contained within the Directors' report.

Fostering business relationships

The Company aims to be to the first choice for customers and partners' needs, enabling them to enjoy the full value of their relationship with the business. The Company builds long term customer relationships by providing unrivalled levels of service and an offering which is unmatched in its flexibility.

Customers receive a personal service, with dedicated relationship managers for our larger customers. The Company collects regular customer feedback through surveys and consumer research which is fed back to the customer services and business development teams. The Board also makes regular visits to our operating sites throughout the financial year.

The Company recognises that maintaining strong and open relationships with suppliers is integral to our success. These relationships contribute to the Company's competitive advantage. They not only enable us to execute our strategy efficiently, but also help suppliers plan their business, managing cash flow and production.

The Company also engages actively with suppliers to make sure they fully comply with our code of conduct for suppliers and partners, which includes provisions on human rights and environmental standards.

FMG REPAIR SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023**


Impact on community and environment

The Company values the communities in which it operates, and its aim is for its business activities to have a positive impact on them. The Company will continue to promote green technology and initiatives to protect our environment, as well as being a contributor to the economies it operates in. We continue to seek to reduce the environmental impact of our business. The Company continues to encourage employees to support charities that are close to their hearts. All charitable activity is promoted through ongoing internal communications. For further information please see the sustainability report on pages 52-62 of the Redde Northgate Group Annual Report and Accounts.

Maintaining high standards of business conduct

The Board is committed to operating the Company in a responsible manner, operating with high standards of business conduct and good governance.

This report was approved by the board on 29 January 2024 and signed on its behalf.



PJ Vincent
Director

FMG REPAIR SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

The Directors present their report and the financial statements for the year ended 30 April 2023.

Principal activities

The principal activity of the Company in the year under review was the repair of vehicles.

Results and dividends

The loss for the year, after taxation, amounted to £953,000 (2022 - loss £1,433,000).

The directors do not propose a dividend for the year ended 30 April 2023 (2022: £NIL).

Directors

The Directors who served during the year were:

M Ward
PH Stead
PJ Vincent

Future developments

The Directors consider that the Company is starting the new year from a position of strength and have the confidence that the business will continue to create value for the Group. The Directors are confident the business is trading well due to continued contract wins and improved efficiency and in the period following the year end, and up to the date of signing of the financial statements, trading has been in line with expectations.

Engagement with employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through informal and formal meetings, as well as the intranet site of the Company. Employees of the Company are entitled to participate in the Redde Northgate plc SAYE Share Scheme, details of which are shown in the Annual Report and Financial Statements of that Company.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Going concern

The Directors have prepared the financial statements on a going concern basis. Further information on the going concern is included in note 2.3 to the financial statements.

FMG REPAIR SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023**

Disclosure of information to auditors

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

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

Independent auditors

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

This report was approved by the board on 29 January 2024 and signed on its behalf.



PJ Vincent
Director

FMG REPAIR SERVICES LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023**

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 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.

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

By order of the Board



PJ Vincent
Director

Date: 29 January 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FMG REPAIR SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, FMG Repair Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2023; the statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FMG REPAIR SERVICES LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

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.

Auditors' responsibilities for the audit of the financial statements

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

FMG REPAIR SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FMG REPAIR SERVICES LIMITED

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue and financial performance and management bias included within accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Review of board minutes and discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting; and
- Assessing management's significant judgements and estimates

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FMG REPAIR SERVICES LIMITED

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
29 January 2024

FMG REPAIR SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2023**

	Note	2023 £000	2022 £000
Turnover	4	185,234	162,586
Cost of sales		(92,565)	(106,722)
Gross profit		92,669	55,864
Administrative expenses		(92,317)	(57,737)
Other operating income	5	-	1,223
Negative goodwill		-	290
Operating profit/(loss)	6	352	(360)
Interest payable and similar expenses	10	(1,067)	(876)
Loss before tax		(715)	(1,236)
Tax on loss	11	(238)	(197)
Loss for the financial year		(953)	(1,433)

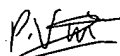
There was no other comprehensive income for 2023 (2022:£000NIL).

FMG REPAIR SERVICES LIMITED

**BALANCE SHEET
AS AT 30 APRIL 2023**

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	12	1,801	2,433
Tangible assets	13	53,829	55,129
		<u>55,630</u>	<u>57,562</u>
Current assets			
Inventories	14	4,233	2,519
Debtors: amounts falling due within one year	15	47,552	28,343
Cash at bank and in hand	16	1,324	81
		<u>53,109</u>	<u>30,943</u>
Creditors: amounts falling due within one year	17	(82,494)	(59,059)
Net current liabilities		<u>(29,385)</u>	<u>(28,116)</u>
Total assets less current liabilities		<u>26,245</u>	<u>29,446</u>
Creditors: amounts falling due after more than one year	18	(39,327)	(41,813)
		<u>(13,082)</u>	<u>(12,367)</u>
Provisions for liabilities			
Deferred taxation	20	(614)	(376)
		<u>(614)</u>	<u>(376)</u>
Net liabilities		<u>(13,696)</u>	<u>(12,743)</u>
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account		(13,696)	(12,743)
Total Equity		<u>(13,696)</u>	<u>(12,743)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 January 2024.



PJ Vincent
Director

FMG REPAIR SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2023**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 May 2021	-	(11,310)	(11,310)
Loss for the financial year	-	(1,433)	(1,433)
At 30 April and 1 May 2022	-	(12,743)	(12,743)
Loss for the financial year	-	(953)	(953)
At 30 April 2023	-	(13,696)	(13,696)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1. General information

FMG Repair Services Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006. The Company's registered number and registered office address can be found in the Company information section. The Company's principal activities are disclosed in the Directors' report on page 3.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 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 consistently applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)**2.2 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)**

- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Redde Northgate plc as at 30 April 2023 and these financial statements may be obtained from the Company Secretary, Northgate Centre, Lingfield Way, Darlington, DL1 4PZ.

2.3 Going concern

The Directors have reviewed the Group's forecasts and projections taking account of reasonably possible downside sensitivities. The Company relies upon the support of its ultimate parent company, Redde Northgate plc, and the going concern status of the Company is dependent upon the ongoing support of its parent.

The ultimate parent company has confirmed that it will provide sufficient financial support to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The Directors have considered this letter of support, have made enquiries of Group management and have concluded that the Company is a going concern. On this basis, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Revenue from vehicle repair contracts is recognised at the point in time when substantially all of the repair work is carried out, being when the performance obligation has been substantially achieved.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)**2.5 Leases**

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)**2.6 Government grants**

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached, and that the grant will be received. Government grants are recognised in the income statement on a systematic basis over the period in which the related costs, which they are intended to compensate, are recognised as expenses.

During the prior year, the Company have utilised the Coronavirus Job Retention Scheme, in which the Government reimbursed 80% of the wages of certain employees who were asked to stop working ('furloughed') during COVID-19, but who were retained as employees. These grants have been recognised in other operating income.

Amounts claimed in the prior year by FMG Repair Services Ltd under the Coronavirus Job Retention Scheme were separately repaid during the year by the ultimate parent company.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 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 profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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, except that:

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

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

2.10 Goodwill

Goodwill represents amounts arising from business combinations and is the difference between the fair value of consideration of the acquisition and the fair value of the net identifiable assets and liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses identified through annual or other tests for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Where the fair value of consideration is less than the fair value of the net identifiable assets and liabilities acquired this gain on bargain purchase is recognised immediately in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.11 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition related costs are recognised in the income statement as incurred.

At the acquisition date, the provisional identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively; and
- hindsight adjustments to the provisional identifiable assets acquired and the liabilities assumed are recognised within 12 months from the date of acquisition if necessary.

2.12 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.

The estimated useful lives range as follows:

Brand	-	3	years
Customer relationships	-	10	years
Computer software	-	5	years

2.13 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.

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 50 years
Long-term leasehold property	- Over the term of the lease
Motor vehicles	- Depreciated to write down the cost of the vehicles to their estimated residual value over the expected holding period which is typically between 12 and 24 months
Fixtures and fittings	- 15% - 33% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Inventories

Inventories comprise spare parts and consumables and are stated at the lower of cost and net realisable value.

2.15 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.

2.16 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.

2.17 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.18 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.19 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.20 Financial risk management

Financial risk is managed by Redde Northgate Group treasury and is discussed on pag 49 of the Redde Northgate plc annual report, which does not form part of this report.

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

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

In the application of the Company's accounting policies described above, the Directors are required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company believes that key source of estimation uncertainty affecting the Company's financial statements relates to the recognition of work in progress in relation to credit repair revenue, in particular the choice of cut off point where revenue recognised is based on a reasonable estimate of the cost and stage of completion of the repair services at the reporting date (see Note 2.4 and Note 14).

4. Turnover

An analysis of turnover by class of business is as follows:

	2023	2022
	£000	£000
Turnover from the repair of vehicles	185,234	162,586
	185,234	162,586

All turnover arose within the United Kingdom.

5. Other operating income

	2023	2022
	£000	£000
Government grants	-	1,223
	-	1,223

Government grants relate to amounts claimed by FMG Repair Services Ltd under the Coronavirus Job Retention Scheme in the prior year. Amounts claimed in the prior year were separately repaid during the prior year by the ultimate parent company.

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2023	2022
	£000	£000
Depreciation of tangible fixed assets	7,866	6,387
Amortisation of intangible assets	683	670
Defined contribution pension cost	1,237	1,056

7. Auditors' remuneration

Auditors' remuneration in respect of the audit of the Company financial statements was borne by a fellow subsidiary company without any right of reimbursement. The auditors undertook no non-audit services in the current or prior year.

	2023	2022
	£000	£000
Fees payable to the auditors for the audit of the Company's financial statements	80	65

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

8. Employees

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

	2023	2022
	£000	£000
Wages and salaries	60,708	52,734
Social security costs	5,976	4,892
Other pension costs	1,237	1,056
	67,921	58,682

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

	2023	2022
	No.	No. (restated)
Direct operations	640	634
Administration	904	873
	1,544	1,507

The prior year split of operational and administrative staff has been restated following a reassessment of the categorisation of operational support staff from operations to administration.

9. Directors' remuneration

	2023	2022
	£000	£000
Directors' emoluments	272	212
Company contributions to defined contribution pension schemes	-	26
	272	238

The highest paid Director received remuneration of £272,000 (2022 - £212,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2022 - £26,000).

During the current year M Ward, PH Stead and PJ Vincent have been remunerated by another group company and it is not practical to split between entities within the Group.

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

10. Interest payable and similar expenses

	2023	2022
	£000	£000
Interest on lease liabilities	1,067	876
	1,067	876

11. Tax on loss

	2023	2022
	£000	£000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	207	104
Changes to tax rates	15	78
Prior year adjustments	16	15
Total deferred tax	238	197
Taxation on loss	238	197

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

11. Tax on loss (continued)

Factors affecting tax (credit)/charge for the year/period

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19.5% (2022 - 19%). The differences are explained below:

	2023	2022
	£000	£000
(Loss)/profit before tax	(715)	(1,236)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.5% (2022 - 19%)	(139)	(235)
Effects of:		
Prior year adjustment	15	15
Expenses not deductible for tax purposes	196	68
Impact of capital allowance super deduction	(91)	(94)
Remeasurement of deferred tax for changes in tax rates	62	78
Group relief surrendered	195	365
Total tax charge for the year	238	197

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the UK corporation tax rate will increase to 25%. This change in the corporation tax rate is now substantively enacted and has therefore been reflected in tax balances for the year ended 30 April 2023.

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

12. Intangible assets

	Brand £000	Customer relationship £000	Computer software £000	Total £000
Cost				
At 1 May 2022	450	1,000	2,100	3,550
Additions - external	-	-	51	51
At 30 April 2023	450	1,000	2,151	3,601
Amortisation				
At 1 May 2022	250	167	700	1,117
Charge for the year on owned assets	150	100	433	683
At 30 April 2023	400	267	1,133	1,800
Net book value				
At 30 April 2023	50	733	1,018	1,801
At 30 April 2022	200	833	1,400	2,433

Amortisation is included within administrative expenses in the statement of comprehensive income.

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

13. Tangible assets

	Freehold property £000	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 May 2022	5,844	51,024	927	4,450	62,245
Additions	-	3,635	-	2,968	6,603
Disposals	-	-	(29)	(227)	(256)
At 30 April 2023	5,844	54,659	898	7,191	68,592
Depreciation					
At 1 May 2022	138	4,836	107	2,035	7,116
Charge for the year on owned assets	83	-	185	1,418	1,686
Charge for the year on right- of-use assets	-	6,180	-	-	6,180
Disposals	-	-	(9)	(210)	(219)
At 30 April 2023	221	11,016	283	3,243	14,763
Net book value					
At 30 April 2023	5,623	43,643	615	3,948	53,829
At 30 April 2022	5,706	46,188	820	2,415	55,129

The NBV of owned assets included as tangible assets in the balance sheet is £10,186,000 (2022: £8,942,000). The NBV of leased assets included as tangible assets in the balance sheet is £43,643,000 (2022: £46,188,000). Right-of-use assets at the balance sheet date comprised entirely of property.

The depreciation charge relating to right-of-use property assets was £6,180,000 (2022: £4,509,000) and relating to vehicles was £nil (2022: £342,000).

Additions to right-of-use assets were £3,635,000 (2022: £34,749,000).

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

14. Inventories

	2023 £000	2022 £000
Raw materials and consumables	1,226	927
Work in progress (goods to be sold)	3,007	1,592
	4,233	2,519
	4,233	2,519

Inventories recognised in cost of sales during the year as an expense were £92,880,000 (2022: £78,610,000).

15. Debtors: amounts falling due within one year

	2023 £000	2022 £000
Trade debtors	9,736	5,950
Amounts owed by group undertakings	28,828	18,205
Prepayments and accrued income	8,988	4,188
	47,552	28,343
	47,552	28,343

Amounts owed by Group companies are repayable on demand, unsecured and non-interest bearing.

16. Cash at bank and in hand

	2023 £000	2022 £000
Cash at bank and in hand	1,324	81
	1,324	81
	1,324	81

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

17. Creditors: Amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	17,981	8,991
Amounts owed to group undertakings	44,465	35,449
Other taxation and social security	1,633	2,052
Lease liabilities	5,136	4,804
Accruals and deferred income	13,279	7,763
	82,494	59,059

Amounts owed to group undertakings are repayable on demand, unsecured and non-interest bearing.

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

	2023	2022
	£000	£000
Lease liabilities	39,327	41,813
	39,327	41,813

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

19. Leases

Company as a lessee

Lease liabilities are due as follows:

	2023	2022
	£000	£000
Not later than one year	5,136	4,804
Between one year and five years	21,859	21,836
Later than five years	17,468	19,977
	<u>44,463</u>	<u>46,617</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2023	2022
	£000	£000
Interest expense on lease liabilities	<u>1,067</u>	<u>876</u>

20. Deferred taxation

	2023
	£000
At beginning of year	(376)
Credited to profit or loss	(238)
At end of year	<u>(614)</u>

The provision for deferred taxation is made up as follows:

	2023	2022
	£000	£000
Accelerated capital allowances	(445)	(154)
Recognition of intangibles	(196)	(248)
Other	27	26
	<u>(614)</u>	<u>(376)</u>

FMG REPAIR SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

21. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
2 (2022 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

22. Controlling party

The Company's immediate parent company is Redde Ltd, a company incorporated in the UK.

The Company's ultimate controlling party is Redde Northgate plc, a company incorporated in the UK, who is both the smallest and the largest group for which Group financial statements are prepared. The financial statements of the group are publicly available and may be obtained from the Company Secretary, Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ.