REGISTERED NUMBER: 06628091 (England and Wales)

Strategic Report,

Report of the Directors and

Audited Financial Statements

for the Year Ended 31 December 2019

for

GEMINI ACCIDENT REPAIR CENTRES LIMITED

Contents of the Financial Statements for the year ended 31 December 2019

Company Information
for the year ended 31 December 2019

Directors:	D J Sargeant P Coleman T S Hopkins
Registered office:	Gemini House Gemini Business Park Stourport Road Kidderminster DY11 7QL
Registered number:	06628091 (England and Wales)
Independent auditors:	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE
Bankers:	Barclays Bank Plc 66 Oxford Street Kidderminster DY10 1BL
Solicitors:	Harrison Clark Rickerbys 5 Deansway Worcester Worcestershire WR12 2JG

Strategic Report
for the year ended 31 December 2019

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

Review of business
We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of risks and uncertainties faced.

The company is a motor accident repairer with multiple garages.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and operating profit.

During the year turnover increased by 18% to £59.0m while gross profit margin improved to 40.2% (2019: 39.6%).

Operating profit was at £1.026m (2019: £1.025m) and, after interest, the pre-tax profit was £879k (2018: £972k).

The Directors are satisfied with the results for the year, which are in line with expectations.

Principal risks and uncertainties
The business environment in which we operate continues to be challenging. The motor accident repairs market in the UK is highly competitive and the general economic outlook is uncertain given the effects of the Covid-19 pandemic and Brexit.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be affected by unforeseen future events outside of our control.

Strategic Report
for the year ended 31 December 2019

Section 172(1) statement
We, the directors of GARC, have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders.

Promoting the company's success for its members
This statement focuses on matters of strategic importance to GARC and addresses the ways in which the directors show their responsibility in promoting the company's success for its members. We make strategic decisions based on long-term objectives. In particular, this has meant significant
investment in all areas of the business, including the set-up of state-of-the-art modern repair centres with the latest technology and equipment to ensure that we can provide and maintain high quality repair services to our insurer partners and customers. This has been at the expense of short-term gains but positions the company to supply the capacity and the service required over the longer term to our customers and insurer partners.

Stakeholder engagement
Our key stakeholders, and the ways in which we engage with them, are as follows:

Our employees
We rely on our skilled and committed workforce to carry out the processes and techniques required to facilitate the safe and effective repair of modern cars. Our employees are the reason we are able to deliver an outstanding performance to our customers and partners, and we are renowned for our customer service and have won numerous industry awards to celebrate this fact.

We could not achieve and maintain these levels of service without our team. Development and investment in our employees in therefore a critical business activity and we have demonstrated our commitment to investing in the future of the company by establishing an apprentice program which has won numerous awards and accolades. We currently have 66 apprentices, which represents over 12% of our total staff, in training on both internal and external programs that have been designed bespoke to the Gemini processes.

Further examples of how we engage with our employees are set out below;
1. setting remuneration at market-leading rates, and rewarding performance with bonuses at all levels
2. providing training and career development support at all levels
3. enrolling all staff into our employee benefits and health care program
4. ensuring that staff in every site are involved and aware of all company initiatives and strategies

Our customers and suppliers
We invest heavily in creating ultra-modern repair centres that can continue to offer our customers and our partners the very best in repair methods with safe and effective car repair solutions and a minimum turnaround time for customers. Our whole business model prioritises quality and safety with the delivery of the customers required outcomes.

We are focused on developing meaningful strategic partnerships with our customers and have created dedicated repair centres located across the UK that are exclusive to our insurer partners demonstrating the value within our customer partnerships

Our suppliers are key to our making this happen and we remain loyal to all our suppliers ensuring they are able to invest and innovate meaning our service delivery is further enhanced by having access to the latest repair technology and the latest products to help our skilled workforce deliver the quality and service required.

Our planet
Our entire industry, like many others, has contributed to environmental pollution in the past and we are now all working hard to reverse this. We at Gemini recognise the need to make changes to protect our environment and have started several initiatives to reduce our impact on the environment.

By design our entire business model was created to remove all in-efficiencies and unnecessary costs and wastage from the repair process. We have reduced the number of new parts fitted across all repairs, we always attempt to re-use and repair the original parts and we always look to reduce the repair size to minimise the use of materials and products needed to re-finish the car.

Other initiatives designed to reduce our impact on the environment are;
- In partnership with our waste collection suppliers we have diverted 96% of our waste from land fill
- All sites use compactors to ensure waste is segregated and recycled where possible
- Low energy LED light replacement program rolled out across all locations
- We replaced the use of plastic throw-away seat covers with branded repeat-use seat covers
- Wherever possible and available we utilise recycled parts within our repair process - this could include materials like plastic, steel or rubber destined for landfill.

Strategic Report
for the year ended 31 December 2019

Our future initiatives include the evolution of electric vehicles and we have made all sites capable to repair electric vehicles. We will provide charge points at all of our locations powered by solar for customer access and have electric vehicles available on our fleet of courtesy cars to promote the use of electric vehicles to our customers. We are also about to roll-out our carbon offset plan to reduce and compensate emissions of harmful gasses to the environment.

On behalf of the board:

P Coleman - Director

23 December 2020

Report of the Directors
for the year ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

Principal activity
The principal activity of the company in the year under review was that of motor vehicle repair work.

Dividends
The total distribution of dividends for the year ended 31 December 2019 will be £271,574.

Events since the end of the year
Information relating to events since the end of the year is given in the notes to the financial statements.

Directors
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

D J Sargeant
P Coleman
T S Hopkins

Financial risk management
Liquidity risk
The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Credit risk
All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Employment policies
Disabled persons
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 within the company continues and that the 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.

Employee involvement
The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Report of the Directors
for the year ended 31 December 2019

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
The auditors, Haines Watts Birmingham LLP, are deemed to be reappointed under s487(2) of the Companies Act 2006.

On behalf of the board:

P Coleman - Director

23 December 2020

Opinion
We have audited the financial statements of Gemini Accident Repair Centres Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The impact of uncertainties on our audit owing to COVID-19
The Directors' view on the impact of COVID-19 is disclosed in the Strategic Report on page 2, in the Accounting Policies on page 13, and in the Post Balance Sheet Events note on page 23.

Uncertainties related to the effects of COVID-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by Directors, such as recoverability and valuation of assets, appropriateness of the going concern basis of preparation of the financial statements and associated disclosures. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

The COVID-19 viral pandemic is one of the most significant economic events for the UK and globally, 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 have applied a standardised approach in response to that uncertainty when considering the Directors' assessment of 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 the COVID-19 pandemic.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Kevin Hodgetts (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

23 December 2020

Statement of Comprehensive Income
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	4	**59,028,937**	49,888,560
Cost of sales		**(35,311,148)**	(30,127,345)
Gross profit		**23,717,789**	19,761,215
Distribution costs		**(2,358,170)**	(2,236,789)
Administrative expenses		**(20,425,218)**	(16,594,560)
		934,401	929,866
Other operating income		**91,781**	94,695
Operating profit	6	**1,026,182**	1,024,561
Interest payable and similar expenses	8	**(147,236)**	(52,157)
Profit before taxation		**878,946**	972,404
Tax on profit	9	**(21,946)**	(315,546)
Profit for the financial year		**857,000**	656,858
Other comprehensive income		**-**	-
Total comprehensive income for the year		**857,000**	656,858

The notes form part of these financial statements

Balance Sheet
31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	11		**953,334**		-
Tangible assets	12		**8,229,971**		6,372,584
Investments	13		**50,100**		50,100
			9,233,405		6,422,684
Current assets					
Stocks	14	**751,497**		616,437	
Debtors	15	**8,475,423**		8,639,461	
Cash at bank and in hand		**4,677**		10,629	
		9,231,597		9,266,527	
Creditors					
Amounts falling due within one year	16	**13,278,951**		11,845,508	
Net current liabilities			**(4,047,354)**		(2,578,981)
Total assets less current liabilities			**5,186,051**		3,843,703
Creditors					
Amounts falling due after more than one year	17		**(2,049,777)**		(1,287,007)
Provisions for liabilities	20		**(312,208)**		(318,056)
Net assets			**2,824,066**		2,238,640
Capital and reserves					
Called up share capital	21		**1,000**		1,000
Retained earnings	22		**2,823,066**		2,237,640
Shareholders' funds			**2,824,066**		2,238,640

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2020 and were signed on its behalf by:

P Coleman - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	1,000	1,580,782	1,581,782
Changes in equity			
Total comprehensive income	-	656,858	656,858
Balance at 31 December 2018	1,000	2,237,640	2,238,640
Changes in equity			
Dividends	-	(271,574)	(271,574)
Total comprehensive income	-	857,000	857,000
Balance at 31 December 2019	1,000	2,823,066	2,824,066

The notes form part of these financial statements

Cash Flow Statement
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	**3,094,143**	2,437,462
Interest paid		**(147,236)**	(52,157)
Tax paid		**(159,353)**	(44,502)
Net cash from operating activities		**2,787,554**	2,340,803
Cash flows from investing activities			
Purchase of intangible fixed assets		**(1,100,000)**	-
Purchase of tangible fixed assets		**(2,094,360)**	(2,203,784)
Sale of tangible fixed assets		**237,334**	417
Net cash from investing activities		**(2,957,026)**	(2,203,367)
Cash flows from financing activities			
Loan repayments in year		**(68,844)**	(67,624)
Capital repayments in year		**(431,187)**	(157,637)
Amount introduced by directors		**93,744**	-
Amount withdrawn by directors		**-**	(93,744)
Other new loans in year		**1,111,111**	-
Other loans repaid		**(333,333)**	(333,333)
Equity dividends paid		**(271,574)**	-
Net cash from financing activities		**99,917**	(652,338)
Decrease in cash and cash equivalents		**(69,555)**	(514,902)
Cash and cash equivalents at beginning of year	2	**(1,194,509)**	(679,607)
Cash and cash equivalents at end of year	2	**(1,264,064)**	(1,194,509)

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 December 2019

1. **Reconciliation of profit before taxation to cash generated from operations**

	2019	2018
	£	£
Profit before taxation	**878,946**	972,404
Depreciation charges	**1,045,800**	663,361
Profit on disposal of fixed assets	**(53,488)**	(417)
Exceptional items	**-**	105,000
Finance costs	**147,236**	52,157
	2,018,494	1,792,505
(Increase)/decrease in stocks	**(135,060)**	284,499
Decrease/(increase) in trade and other debtors	**70,294**	(1,849,754)
Increase in trade and other creditors	**1,140,415**	2,210,212
Cash generated from operations	**3,094,143**	2,437,462

2. **Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	**4,677**	**10,629**
Bank overdrafts	**(1,268,741)**	**(1,205,138)**
	(1,264,064)	**(1,194,509)**

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	10,629	1,715
Bank overdrafts	(1,205,138)	(681,322)
	(1,194,509)	(679,607)

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 December 2019

3. **Analysis of changes in net debt**

	At 1/1/19	Cash flow	Other non-cash changes	At 31/12/19
	£	£	£	£
Net cash				
Cash at bank and in hand	10,629	(5,952)		4,677
Bank overdrafts	(1,205,138)	(63,603)		(1,268,741)
	(1,194,509)	(69,555)		(1,264,064)
Debt				
Finance leases	(738,777)	431,187	(846,007)	(1,153,597)
Debts falling due within 1 year	(422,838)	(144,167)	-	(567,005)
Debts falling due after 1 year	(746,793)	(564,767)	-	(1,311,560)
	(1,908,408)	(277,747)	(846,007)	(3,032,162)
Total	(3,102,917)	(347,302)	(846,007)	(4,296,226)

1. **Statutory information**

Gemini Accident Repair Centres Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
The directors consider that the company has sufficient resources to continue operating as a going concern for a period of at least twelve months from the date of signing the financial statements. The financial statements have therefore been prepared on a going concern basis.

The impact of COVID-19
In response to the COVID-19 viral pandemic, the directors have further considered their cash flow projections to take into account the impact on the business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, and given the measures that could be undertaken to mitigate the current adverse conditions, together with the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the financial statements.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from work in progress is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Freehold land and buildings	not depreciated
Leasehold improvements	7%, 10% or 20% on cost
Plant and machinery	5%, 10% , 20% or 25% on cost
Fixtures, fittings & equipment	10% or 25% on cost
Motor vehicles	10%, 20% or 25% on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The directors consider that the freehold property is maintained in such a state of repair that the residual value is at least equal to the net book value. As a result, the corresponding depreciation would not be material and therefore is not charged in the profit and loss account.

No depreciation is provided in respect of freehold land.

Investments in subsidiaries
Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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2. **Accounting policies - continued**

Stocks
Material stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

Labour work-in-progress is valued at selling value in accordance with the accounting policy for revenue recognition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Short term employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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2. **Accounting policies - continued**

Financial instruments
The company applies the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

continued...

3. **Critical accounting judgements and key sources of estimation uncertainty**

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

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

The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Depreciation and amortisation of tangible and intangible fixed assets
Depreciation and amortisation are calculated based on an estimate of the useful economic life of each category of fixed assets together with an estimate of the assets' residual values. The estimates of each asset category's useful economic life have been stated above.

4. **Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Labour sales	**25,381,795**	22,488,705
Parts/material and other sales	**33,647,142**	27,399,855
	59,028,937	49,888,560

5. **Employees and directors**

	2019	2018
	£	£
Wages and salaries	**18,813,283**	15,175,473
Social security costs	**1,815,573**	1,467,800
Other pension costs	**385,239**	254,225
	21,014,095	16,897,498

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

	2019	2018
Head office administration	**16**	16
Directors	**3**	3
Other	**633**	571
	652	590

	2019	2018
	£	£
Directors' remuneration	**80,406**	132,753
Directors' pension contributions to money purchase schemes	**1,866**	-

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	**2**	2

continued...

6. Operating profit

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

	2019	2018
	£	£
Other operating leases	**1,899,833**	1,681,958
Depreciation - owned assets	**899,134**	693,461
Profit on disposal of fixed assets	**(53,488)**	(417)
Goodwill amortisation	**146,666**	-
Auditors' remuneration	**18,850**	18,500

7. Exceptional items

	2019	2018
	£	£
Exceptional items	**-**	(105,000)

Exceptional items consist of additional consideration paid to complete the purchase of Duddingston Coachworks Limited, a company which joined the group in November 2017.

8. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest	**49,581**	19,917
Interest on finance leases	**97,009**	32,240
Interest payable	**646**	-
	147,236	52,157

9. Taxation

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	**22,484**	159,486
Over-provision in prior year	**5,310**	-
Total current tax	**27,794**	159,486
Deferred tax	**(5,848)**	156,060
Tax on profit	**21,946**	315,546

continued...

9. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	**878,946**	972,404
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	**167,000**	184,757
Effects of:		
Expenses not deductible for tax purposes	**12,936**	33,089
Capital allowances in excess of depreciation	**(123,196)**	(58,360)
Deferred tax movement	**(5,848)**	156,060
Capital assets expensed	**3,774**	-
Profit on disposal	**(10,163)**	-
Amortisation on intangible assets	**(27,867)**	-
Under/ (over) provision in prior year	**5,310**	-
Total tax charge	**21,946**	315,546

10. Dividends

	2019 £	2018 £
Ordinary shares of £1 each		
Final	**271,574**	-

11. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2019	**73,748**
Additions	**1,100,000**
At 31 December 2019	**1,173,748**
Amortisation	
At 1 January 2019	**73,748**
Amortisation for year	**146,666**
At 31 December 2019	**220,414**
Net book value	
At 31 December 2019	**953,334**
At 31 December 2018	-

continued...

12. **Tangible fixed assets**

	Freehold property £	Long leasehold £	Plant and machinery £
Cost			
At 1 January 2019	**1,102,500**	**900,629**	**6,184,751**
Additions	**-**	**419,665**	**796,317**
Disposals	**-**	**(11,598)**	**(34,581)**
Reclassification/transfer	**-**	**-**	**(136,648)**
At 31 December 2019	**1,102,500**	**1,308,696**	**6,809,839**
Depreciation			
At 1 January 2019	**-**	**276,762**	**3,437,807**
Charge for year	**-**	**98,837**	**354,045**
Eliminated on disposal	**-**	**(114)**	**(4,200)**
Reclassification/transfer	**-**	**(2,771)**	**(118,916)**
At 31 December 2019	**-**	**372,714**	**3,668,736**
Net book value			
At 31 December 2019	**1,102,500**	**935,982**	**3,141,103**
At 31 December 2018	1,102,500	623,867	2,746,944

	Fixtures and fittings £	Motor vehicles £	Totals £
Cost			
At 1 January 2019	**1,774,301**	**2,224,209**	**12,186,390**
Additions	**540,365**	**1,184,020**	**2,940,367**
Disposals	**(663)**	**(250,296)**	**(297,138)**
Reclassification/transfer	**(733)**	**137,381**	**-**
At 31 December 2019	**2,313,270**	**3,295,314**	**14,829,619**
Depreciation			
At 1 January 2019	**1,292,238**	**806,999**	**5,813,806**
Charge for year	**142,826**	**303,426**	**899,134**
Eliminated on disposal	**(157)**	**(108,821)**	**(113,292)**
Reclassification/transfer	**21,804**	**99,883**	**-**
At 31 December 2019	**1,456,711**	**1,101,487**	**6,599,648**
Net book value			
At 31 December 2019	**856,559**	**2,193,827**	**8,229,971**
At 31 December 2018	482,063	1,417,210	6,372,584

Included in the above are investment assets with a value of £1,364,069, which are not depreciated.

The net carrying value of fixed assets held under hire purchase/finance leases as at 31 December 2019 was £1,548,416 (2018: £482,023).

The depreciation charged to profit and loss in the year ended 31 December 2019 in respect of fixed assets held under hire purchase/finance leases was £75,672 (2018: £75,232).

continued...

13. Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2019	
and 31 December 2019	**50,100**
Net book value	
At 31 December 2019	**50,100**
At 31 December 2018	50,100

The company's investments at the Balance Sheet date in the share capital of companies include the following:

ADR Accident Repair Centres Limited
Registered office: 5-6 Greenfield Crescent, Edgbaston, Birmingham, B15 3BE
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

Duddingston Coachworks Limited
Registered office: 5-6 Greenfield Crescent, Edgbaston, Birmingham, B15 3BE
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

14. Stocks

	2019 £	2018 £
Work-in-progress	**751,497**	616,437

15. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	**5,595,778**	5,952,232
Amounts owed by participating interests	**1,943,121**	-
Other debtors	**65,675**	107,024
Amounts owed by subsidiaries	-	1,815,843
Directors' loan accounts	-	93,744
Prepayments and accrued income	**870,849**	670,618
	8,475,423	8,639,461

continued...

16. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts (see note 18)	**1,335,746**	1,294,643
Other loans (see note 18)	**500,000**	333,333
Hire purchase contracts (see note 19)	**415,380**	198,563
Trade creditors	**6,419,147**	5,821,336
Amounts owed to group undertakings	**50,100**	50,100
Amounts owed to participating interests	**6,249**	-
Corporation tax	**27,932**	159,491
Social security and other taxes	**742,709**	510,484
VAT	**147,560**	549,721
Other creditors	**782,227**	571,482
Accruals and deferred income	**2,851,901**	2,356,355
	13,278,951	11,845,508

17. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans (see note 18)	**561,560**	607,904
Other loans (see note 18)	**750,000**	138,889
Hire purchase contracts (see note 19)	**738,217**	540,214
	2,049,777	1,287,007

18. Loans

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	**1,268,741**	1,205,138
Bank loans	**67,005**	89,505
Other loans	**500,000**	333,333
	1,835,746	1,627,976
Amounts falling due between one and two years:		
Bank loans - 1-2 years	**119,009**	126,509
Other loans - 1-2 years	**500,000**	138,889
	619,009	265,398
Amounts falling due between two and five years:		
Bank loans - 2-5 years	**178,514**	481,395
Bank loan over 5 years	**264,037**	-
Other loans - 2-5 years	**250,000**	-
	692,551	481,395

Bank loans and overdrafts are secured by a fixed and floating charge over all of the assets of the company and its group.

continued...

19. Leasing agreements

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	**2018**
	£	£
Net obligations repayable:		
Within one year	**415,380**	**198,563**
Between one and five years	**738,217**	**540,214**
	1,153,597	**738,777**

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 to 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	**1,165,053**	**1,477,567**
Between one and five years	**2,876,205**	**3,452,191**
In more than five years	**168,462**	**332,524**
	4,209,720	**5,262,282**

Operating lease payments represent rentals payable by the company for certain of its properties and vehicles. Leases are negotiated at fixed rentals for an average term of 3 to 5 years. Rentals are negotiated at the market rates prevailing at the time of entering into the contract.

20. Provisions for liabilities

	2019	**2018**
	£	**£**
Deferred tax	**312,208**	318,056

	Deferred tax
	£
Balance at 1 January 2019	**318,056**
Credit to Statement of Comprehensive Income during year	**(5,848)**
Balance at 31 December 2019	**312,208**

21. Called up share capital

Allotted, issued and fully paid:

Number:	**Class:**	**Nominal value:**	**2019**	**2018**
			£	**£**
1,000	Ordinary	£1	**1,000**	1,000

continued...

22. Reserves

	Retained earnings £
At 1 January 2019	**2,237,640**
Profit for the year	**857,000**
Dividends	**(271,574)**
At 31 December 2019	**2,823,066**

23. Directors' advances, credits and guarantees

The following advances and credits to directors subsisted during the years ended 31 December 2019 and 31 December 2018:

	2019 £	2018 £
D J Sargeant and P Coleman		
Balance outstanding at start of year	**93,744**	-
Amounts advanced	**-**	93,744
Amounts repaid	**(93,744)**	-
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**-**	93,744

The unsecured and interest free advances to directors were repaid on 5 April 2019.

24. Related party disclosures

Companies under common control
During the year sales of £2,206 (2018: £3,663) and purchases of £1,412,534 (2018: 943,145) were made to and from Gemini Properties (UK) Limited.

Included in debtors is a balance of £1,949,370 (2018: £1,815,843) which remains outstanding at the year end.

Entities over which the entity has control, joint control or significant influence

	2019 £	2018 £
Amount due to related party	**50,100**	50,100

Other related parties

	2019 £	2018 £
Sales	**-**	3,663
Purchases	**-**	943,145
Amount due from related party	**1,986,074**	1,815,843

25. Post balance sheet events

At the time of approval of these financial statements, the COVID-19 viral pandemic is one of the most significant economic events for the UK and the wider world. For entities with a year end 31 December 2019 or earlier, the emerging impact of COVID-19 in the post balance sheet period is viewed under UK accounting principles as a non-adjusting post balance sheet event. The directors are required, however, to consider the impact on the business in the post balance sheet period and on the outlook for the foreseeable future in terms of their confirmation of the going concern assumption as the appropriate basis for preparation of the accounts. Further details of the directors' view of the impact of COVID-19 are given in the Accounting Policies.

continued...

26. **Ultimate controlling party**

The ultimate controlling party is T S Hopkins.