

Company Registration No. 06628091 (England and Wales)

**GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**MICHAEL KAY**  
— & —  
**COMPANY**

FRIDAY



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# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## COMPANY INFORMATION

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<b>Directors</b>	T S Hopkins D J Sargeant P Coleman
<b>Company number</b>	06628091
<b>Registered office</b>	2 Water Court Water Street Birmingham West Midlands B3 1HP
<b>Auditor</b>	Michael Kay & Company Limited 2 Water Court Water Street Birmingham West Midlands B3 1HP
<b>Business address</b>	Gemini House Gemini Business Park Stourport Road Kidderminster DY11 7QL
<b>Bankers</b>	Barclays Bank Plc PO Box 3333 One Snowhill Snow Hill Queensway Birmingham B3 2WN
<b>Solicitors</b>	Harrison Clark Rickerbys 5 Deansway Worcester Worcestershire WR12 2JG

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# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

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# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present the strategic report for the year ended 31 December 2017.

#### **Fair review of the 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 17% to £40,684,462 while gross profit margin was £16,645,049 or 40.91% (2016 £13,939,085 40.14%).

The operating profit was £658,189 (2016 £308,358). After adjustments for interest and exceptional items the pre-tax profit was £587,205 (2016 £651,258).

The Directors are satisfied with the results for the year, which are in line with expectations. The Gemini Group has undergone rapid expansion in the last three years, most notably the acquisition of the subsidiary company ADR Accident Repair Centres Limited on 24 August 2015 and the opening of several new sites. The acquisition restructuring costs and new site integration costs have placed significant pressures on profit margins during this trading period but these new sites are trading profitably within the "group".

#### **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. In addition the economic outlook for the economy generally is increasingly uncertain as a result of 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.

On behalf of the board



P Coleman

**Director**

26 September 2018

# **GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

#### **Principal activities**

The principal activity of the company and group continued to be that of motor accident repairs.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

T S Hopkins  
D J Sargeant  
P Coleman

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### **Financial instruments**

##### Liquidity risk

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

##### Interest rate risk

The group 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. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

##### Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

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.

#### **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 group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **Employee involvement**

The group'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 group'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.

### **Auditor**

In accordance with the company's articles, a resolution proposing that be reappointed as auditor of the group will be put at a General Meeting.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

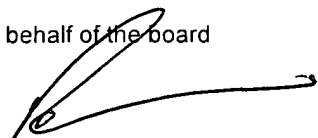
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



P Coleman

**Director**

26 September 2018

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

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#### Opinion

We have audited the financial statements of Gemini Repairs Limited and its subsidiaries (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group statement of income and retained earnings, the group balance sheet, the company balance sheet, the group statement of cash flows, the company statement of cash flows and 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 FRS 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 group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

# **GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



# **GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES**

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#### **Use of our report**

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

**Michael Kay (Senior Statutory Auditor)**  
**for and on behalf of**

26 September 2018

**Chartered Accountants**  
**Statutory Auditor**

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## GROUP STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	40,684,462	34,725,110
Cost of sales		(24,039,413)	(20,788,025)
<b>Gross profit</b>		16,645,049	13,939,085
Distribution costs		(1,772,736)	(1,585,845)
Administrative expenses		(14,214,124)	(12,044,882)
<b>Operating profit</b>	<b>4</b>	658,189	308,358
Interest payable and similar expenses	<b>8</b>	(70,984)	(67,896)
Exceptional items	<b>9</b>	-	410,796
<b>Profit before taxation</b>		587,205	651,258
Taxation	<b>10</b>	(171,486)	(43,473)
<b>Profit for the financial year</b>	<b>26</b>	415,719	607,785
Retained earnings at 1 January 2017		1,203,311	295,991
Effect of prior year adjustments		-	299,535
As restated		1,203,311	595,526
Retained earnings at 31 December 2017		1,619,030	1,203,311

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Goodwill	12		-		30,304
Tangible assets	13		4,535,183		2,414,335
			<u>4,535,183</u>		<u>2,444,639</u>
<b>Current assets</b>					
Stocks	17	900,936		686,194	
Debtors	18	6,737,798		5,087,469	
Cash at bank and in hand		1,715		1,316,940	
		<u>7,640,449</u>		<u>7,090,603</u>	
<b>Creditors: amounts falling due within one year</b>	19	(8,880,483)		(7,659,250)	
<b>Net current liabilities</b>			(1,240,034)		(568,647)
<b>Total assets less current liabilities</b>			<u>3,295,149</u>		<u>1,875,992</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(1,513,122)		(636,665)
<b>Provisions for liabilities</b>	23		(161,996)		(35,016)
<b>Net assets</b>			<u>1,620,031</u>		<u>1,204,311</u>
<b>Capital and reserves</b>					
Called up share capital	25		1,000		1,000
Profit and loss reserves	26		1,619,031		1,203,311
<b>Total equity</b>			<u>1,620,031</u>		<u>1,204,311</u>

The financial statements were approved by the board of directors and authorised for issue on 26 September 2018 and are signed on its behalf by:

  
P Coleman  
Director

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	13	4,535,183		2,414,335	
Investments	14	50,100		340,000	
		<u>4,585,283</u>		<u>2,754,335</u>	
<b>Current assets</b>					
Stocks	17	900,936		332,389	
Debtors	18	6,737,697		2,908,914	
Cash at bank and in hand		1,715		1,428	
		<u>7,640,348</u>		<u>3,242,731</u>	
<b>Creditors: amounts falling due within one year</b>	19	(8,968,731)		(4,827,013)	
<b>Net current liabilities</b>		<u>(1,328,383)</u>		<u>(1,584,282)</u>	
<b>Total assets less current liabilities</b>		<u>3,256,900</u>		<u>1,170,053</u>	
<b>Creditors: amounts falling due after more than one year</b>	20	(1,513,122)		(636,665)	
<b>Provisions for liabilities</b>	23	(161,996)		(35,016)	
<b>Net assets</b>		<u>1,581,782</u>		<u>498,372</u>	
<b>Capital and reserves</b>					
Called up share capital	25	1,000		1,000	
Profit and loss reserves	26	1,580,782		497,372	
<b>Total equity</b>		<u>1,581,782</u>		<u>498,372</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,083,410 (2016 - £190,905 profit).

The financial statements were approved by the board of directors and authorised for issue on 26 September 2018 and are signed on its behalf by:

  
P Coleman  
Director

Company Registration No. 06628091

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	31	915,104		1,848,666	
Interest paid		(70,984)		(67,896)	
Income taxes paid		(8,457)		-	
<b>Net cash inflow from operating activities</b>		<u>835,663</u>		<u>1,780,770</u>	
<b>Investing activities</b>					
Purchase of business		(667,213)		-	
Purchase of tangible fixed assets		(3,049,686)		(651,466)	
Proceeds on disposal of tangible fixed assets		520,533		539,500	
Proceeds from other investments and loans		-		785	
<b>Net cash used in investing activities</b>		<u>(3,196,366)</u>		<u>(111,181)</u>	
<b>Financing activities</b>					
Proceeds from borrowings		555,556		-	
Repayment of borrowings		(333,334)		(333,333)	
Proceeds of new bank loans		707,000		-	
Repayment of bank loans		(39,467)		(30,000)	
Payment of finance leases obligations		(114,176)		(58,460)	
<b>Net cash generated from/(used in) financing activities</b>		<u>775,579</u>		<u>(421,793)</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(1,585,124)</u>		<u>1,247,796</u>	
Cash and cash equivalents at beginning of year		905,517		(342,279)	
<b>Cash and cash equivalents at end of year</b>		<u><u>(679,607)</u></u>		<u><u>905,517</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		1,715		1,316,940	
Bank overdrafts included in creditors payable within one year		<u><u>(681,322)</u></u>		<u><u>(411,423)</u></u>	

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	32	194,987		1,216,641	
Interest paid		(70,984)		(57,800)	
Income taxes paid		(8,457)		-	
<b>Net cash inflow from operating activities</b>		<b>115,546</b>		<b>1,158,841</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,049,686)		(651,466)	
Proceeds on disposal of tangible fixed assets		520,833		-	
Purchase of subsidiary undertakings		(792,984)		(40,465)	
Proceeds from other investments and loans		-		785	
Dividends received		2,158,424		-	
<b>Net cash used in investing activities</b>		<b>(1,163,413)</b>		<b>(691,146)</b>	
<b>Financing activities</b>					
Proceeds from borrowings		555,556		-	
Repayment of borrowings		(333,334)		(333,333)	
Proceeds of new bank loans		707,000		-	
Repayment of bank loans		(39,467)		(30,000)	
Payment of finance leases obligations		(114,176)		(45,496)	
<b>Net cash generated from/(used in) financing activities</b>		<b>775,579</b>		<b>(408,829)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(272,288)</b>		<b>58,866</b>	
Cash and cash equivalents at beginning of year		(407,319)		(466,185)	
<b>Cash and cash equivalents at end of year</b>		<b>(679,607)</b>		<b>(407,319)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		1,715		1,428	
Bank overdrafts included in creditors payable within one year		(681,322)		(408,747)	

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### Company information

Gemini Repairs Limited and its subsidiaries ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 2 Water Court, Water Street, Birmingham, B3 1HP.

The group consists of Gemini Repairs Limited and its subsidiaries and all of its subsidiaries.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Gemini Repairs Limited and its subsidiaries and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.4 Reporting period

The comparative reporting period was extended by 8 days from 23 December 2016 to 31 December 2016 to match the calendar year. Thus the results in 2017 cover a slightly shorter period compared to the comparative year but the directors consider the impact of this to be immaterial to the financial statements.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.7 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	0% on cost
Leasehold improvements	10% on cost
Plant and machinery	10-15% on cost
Fixtures, fittings & equipment	10-33% on cost
Motor vehicles	20-33% on cost

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 recognised in the profit and loss account.

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.



# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

##### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.10 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Accounting policies

(Continued)

##### 1.11 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.12 Financial instruments

The group has elected to apply 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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

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.

##### Impairment of financial assets

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.

##### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group 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.

##### Classification of financial liabilities

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 group after deducting all of its liabilities.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

Basic financial liabilities, including 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.

#### Derecognition of financial liabilities

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

#### 1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1 Accounting policies

(Continued)

##### 1.15 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.

##### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.17 Leases

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 the profit and loss account 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 income 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 lease asset are consumed.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

#### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Labour sales	16,365,351	14,243,612
Parts sales	24,319,111	20,481,498
	<u>40,684,462</u>	<u>34,725,110</u>

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	536,717	(2,950,115)
Depreciation of tangible fixed assets held under finance leases	46,369	26,067
Profit on disposal of tangible fixed assets	(101,442)	-
Amortisation of intangible assets	29,218	7,576
Impairment of intangible assets	650,315	-
Cost of stocks recognised as an expense	14,604,507	12,082,781
Operating lease charges	1,269,340	1,244,825

### 5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	9,000	7,000
Audit of the financial statements of the company's subsidiaries	4,000	4,000
	13,000	11,000

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Head office administration	16	16	16	12
Directors	3	3	3	3
Other	477	373	231	162
	496	392	250	177

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	12,637,812	10,752,329	7,308,621	5,440,949
Social security costs	1,248,250	1,037,796	737,646	523,718
Pension costs	184,852	162,516	68,535	44,849
	<u>14,070,914</u>	<u>11,952,641</u>	<u>8,114,802</u>	<u>6,009,516</u>

### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	349,753	188,979
Company pension contributions to defined contribution schemes	773	740
	<u>350,526</u>	<u>189,719</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	221,733	107,856
Company pension contributions to defined contribution schemes	386	370
	<u>222,119</u>	<u>108,226</u>

### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	14,797	58,708
Interest on finance leases and hire purchase contracts	56,187	9,188
	<u>70,984</u>	<u>67,896</u>

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 9 Exceptional items

	2017	2016
	£	£
Exceptional gain on change of ownership	-	410,796
	<u>-</u>	<u>410,796</u>
	<u>-</u>	<u>410,796</u>

In the comparative period the group closed sites at Warwick and Halesowen. Plant and fixtures with a net carrying value of £128,704 were sold, realising a profit on disposal of £410,796.

#### 10 Taxation

	2017	2016
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	44,506	8,457
	<u>44,506</u>	<u>8,457</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	126,980	35,016
	<u>126,980</u>	<u>35,016</u>
Total tax charge for the year	<u>171,486</u>	<u>43,473</u>

On 1 April 2017 the UK standard corporation tax rate was reduced from 20% to 19%. As a result the effective rate of corporation tax for the group in the year to 31 December 2017 was 19.25%.

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	<u>587,205</u>	<u>651,258</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	113,037	130,252
Tax effect of expenses that are not deductible in determining taxable profit	6,476	14,944
Gains not taxable	-	(82,159)
Tax effect of utilisation of tax losses not previously recognised	(195,962)	(134,725)
Adjustments in respect of prior years	-	59,907
Permanent capital allowances in excess of depreciation	(9,856)	-
Depreciation on assets not qualifying for tax allowances	-	18,723
Amortisation on assets not qualifying for tax allowances	130,811	1,515
Deferred tax movement re accelerated capital allowances	126,980	35,016
Taxation charge for the year	<u>171,486</u>	<u>43,473</u>

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2017 £	2016 £
In respect of:			
Goodwill	12	650,315	-
Fixed asset investments	14	1,171,132	-
		<u>1,821,447</u>	<u>-</u>
Recognised in:			
Administrative expenses		650,315	-
Amounts written off investments		1,171,132	-
		<u>1,821,447</u>	<u>-</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

### 12 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 January 2017	111,628
Additions - separately acquired	649,229
	<u>760,857</u>
At 31 December 2017	
<b>Amortisation and impairment</b>	
At 1 January 2017	81,324
Amortisation charged for the year	29,218
Impairment losses	650,315
	<u>760,857</u>
At 31 December 2017	
<b>Carrying amount</b>	
At 31 December 2017	-
	<u>-</u>
At 31 December 2016	30,304
	<u>30,304</u>
<b>Company</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	73,748
	<u>73,748</u>
<b>Amortisation and impairment</b>	
At 1 January 2017 and 31 December 2017	73,748
	<u>73,748</u>



# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 12 Intangible fixed assets

(Continued)

#### Carrying amount

At 31 December 2017

-

At 31 December 2016

-

Intangible assets consist of goodwill acquired from business acquisitions and are normally written off over an estimated useful life of 5 years. However due to the group hiving up the trade of the active subsidiaries at the end of the period and henceforth only trading using the name "Gemini Repairs" the goodwill is considered to be impaired and has been written down to £Nil.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Tangible fixed assets

Group	Land and buildings Freehold	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2017	-	460,588	4,105,324	1,393,626	726,634	6,686,172
Additions	1,102,500	42,809	390,447	129,758	1,384,172	3,049,686
Business combinations	-	21,158	214,171	72,095	31,636	339,060
Disposals	-	-	-	-	(419,391)	(419,391)
At 31 December 2017	1,102,500	524,555	4,709,942	1,595,479	1,723,051	9,655,527
<b>Depreciation and impairment</b>						
At 1 January 2017	-	135,029	2,502,270	1,020,390	614,148	4,271,837
Depreciation charged in the year	-	54,045	300,025	112,279	116,737	583,086
Transfers	-	20,263	178,498	58,458	8,202	265,421
At 31 December 2017	-	209,337	2,980,793	1,191,127	739,087	5,120,344
<b>Carrying amount</b>						
At 31 December 2017	1,102,500	315,218	1,729,149	404,352	983,964	4,535,183
At 31 December 2016	-	325,559	1,603,053	373,236	112,487	2,414,335

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Tangible fixed assets

(Continued)

Company	Land and buildings Freehold	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2017	-	460,588	4,105,324	1,393,626	726,634	6,686,172
Additions	1,102,500	42,809	390,447	129,758	1,384,172	3,049,686
Disposals	-	-	-	-	(419,391)	(419,391)
Transfers	-	21,158	214,171	72,095	31,636	339,060
At 31 December 2017	1,102,500	524,555	4,709,942	1,595,479	1,723,051	9,655,527
<b>Depreciation and impairment</b>						
At 1 January 2017	-	135,029	2,502,270	1,020,390	614,148	4,271,837
Depreciation charged in the year	-	54,045	300,025	112,279	116,737	583,086
Transfers	-	20,263	178,498	58,458	8,202	265,421
At 31 December 2017	-	209,337	2,980,793	1,191,127	739,087	5,120,344
<b>Carrying amount</b>						
At 31 December 2017	1,102,500	315,218	1,729,149	404,352	983,964	4,535,183
At 31 December 2016	-	325,559	1,603,053	373,236	112,487	2,414,335

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2017 £	2016 £	Company 2017 £	2016 £
Plant and machinery	184,863	156,649	184,863	156,649
Fixtures, fittings & equipment	25,423	27,378	25,423	27,378
Motor vehicles	119,763	297,606	119,763	297,606
	<u>330,049</u>	<u>481,633</u>	<u>330,049</u>	<u>481,633</u>
Depreciation charge for the year in respect of leased assets	46,369	26,067	46,369	26,067

The Freehold land and buildings have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

### 14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	50,100	340,000

#### Fixed asset investments not carried at market value

Investments in subsidiary undertakings are carried at cost net of impairment. At the end of the accounting period the trading activities of the subsidiaries were hived up by the parent company, and thus the investment assets have been written down in value to reflect this event.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Fixed asset investments (Continued)

#### Movements in fixed asset investments Company

Shares in  
group  
undertakings  
£

#### Cost or valuation

At 1 January 2017

340,000

Additions

881,232

At 31 December 2017

1,221,232

#### Impairment

At 1 January 2017

-

Impairment losses

1,171,132

At 31 December 2017

1,171,132

#### Carrying amount

At 31 December 2017

50,100

At 31 December 2016

340,000

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
ADR Accident Repair Centres Limited	1	Bodyshop repairs	Ordinary	100.00	
Duddingston Coachworks Limited	2	Bodyshop repairs	Ordinary	100.00	

The investment in the subsidiary company is stated at cost.

#### Registered Office addresses:

- 1 2 Water Court, Water Street, Birmingham, B3 1HP
- 2 34 West Telferton, Portobello, Edinburgh, EH7 6UL

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	6,137,221	4,682,875	6,140,706	2,663,724
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	7,904,598	5,685,539	7,992,846	3,913,185

### 17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Work in progress	900,936	686,194	900,936	332,389

### 18 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>				
Trade debtors	4,740,654	4,036,796	4,740,653	1,701,613
Amounts owed by group undertakings	-	-	3,486	322,483
Other debtors	1,397,953	643,879	1,394,367	637,428
Prepayments and accrued income	599,191	406,794	599,191	247,390
	6,737,798	5,087,469	6,737,697	2,908,914

### 19 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	748,217	441,423	748,217	438,747
Obligations under finance leases	22	126,574	102,460	126,574	102,460
Other borrowings	21	333,333	333,333	333,333	333,333
Trade creditors		4,734,961	3,847,069	4,734,961	2,091,236
Amounts due to group undertakings		-	-	88,248	-
Corporation tax payable		44,506	8,457	44,506	8,457
Other taxation and social security		696,051	1,526,032	696,051	735,854
Other creditors		448,391	324,490	448,391	310,744
Accruals and deferred income		1,748,450	1,075,986	1,748,450	806,182
		8,880,483	7,659,250	8,968,731	4,827,013

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	698,138	67,500	698,138	67,500
Obligations under finance leases	22	342,762	319,165	342,762	319,165
Other borrowings	21	472,222	250,000	472,222	250,000
		<u>1,513,122</u>	<u>636,665</u>	<u>1,513,122</u>	<u>636,665</u>

### 21 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	765,033	97,500	765,033	97,500
Bank overdrafts	681,322	411,423	681,322	408,747
Other loans	805,555	583,333	805,555	583,333
	<u>2,251,910</u>	<u>1,092,256</u>	<u>2,251,910</u>	<u>1,089,580</u>
Payable within one year	1,081,550	774,756	1,081,550	772,080
Payable after one year	<u>1,170,360</u>	<u>317,500</u>	<u>1,170,360</u>	<u>317,500</u>

The long-term loans are secured by a fixed and floating charge over all of the assets of the group.

The borrowings are all repayable within 5 years.

### 22 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	126,574	102,460	126,574	102,460
In two to five years	342,762	319,165	342,762	319,165
	<u>469,336</u>	<u>421,625</u>	<u>469,336</u>	<u>421,625</u>

Finance lease payments represent rentals payable by the company or group 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.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
<b>Group</b>		
Accelerated capital allowances	161,996	35,016
	<u>161,996</u>	<u>35,016</u>
	Liabilities 2017 £	Liabilities 2016 £
<b>Company</b>		
Accelerated capital allowances	161,996	35,016
	<u>161,996</u>	<u>35,016</u>
	Group 2017 £	Company 2017 £
<b>Movements in the year:</b>		
Liability at 1 January 2017	35,016	35,016
Charge to profit or loss	126,980	126,980
	<u>126,980</u>	<u>126,980</u>
Liability at 31 December 2017	161,996	161,996
	<u>161,996</u>	<u>161,996</u>

The deferred tax liability set out above is expected to reverse by approximately £130,000 within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

#### 24 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	184,852	162,516
	<u>184,852</u>	<u>162,516</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### 25 Share capital

	Group and company 2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000 A Ordinary of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>



# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 26 Profit and loss reserves

	Group 2017 £	2016 £	Company 2017 £	2016 £
At the beginning of the year	1,207,311	299,991	497,372	306,467
Prior year adjustment	-	299,535	-	-
As restated	1,203,311	599,526	497,372	306,467
Profit for the year	415,719	607,785	1,083,410	190,905
At the end of the year	1,619,030	1,207,311	1,580,782	497,372

### 27 Acquisitions

On 6 November 2017 the group acquired 100 percent of the issued capital of Duddingston Coachworks Limited.

	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	74,102	-	74,102
Inventories	50,069	-	50,069
Trade and other receivables	323,908	-	323,908
Cash and cash equivalents	218	-	218
Trade and other payables	(190,272)	-	(190,272)
Tax liabilities	(100,546)	-	(100,546)
Provisions	(13,724)	-	(13,724)
Total identifiable net assets	143,755	-	143,755
Goodwill			631,245
Total consideration			775,000
The consideration was satisfied by:			£
Cash			792,984
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			272,848
Loss after tax			(46,456)

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 27 Acquisitions

(Continued)

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the distribution of the company's services in new markets and the future operating synergies from the combination. See the note on intangible assets for further details.

### 28 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the group for certain of its properties and vehicles. Leases are negotiated for an average term of 2 to 5 years at fixed monthly or quarterly amounts based on the prevailing market rate at the time of entering into the contract.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	1,745,616	1,599,739	1,745,616	764,844
Between two and five years	2,880,414	2,609,255	2,880,414	1,503,255
In over five years	2,005,187	2,599,742	2,005,187	940,742
	<u>6,631,217</u>	<u>6,808,736</u>	<u>6,631,217</u>	<u>3,208,841</u>

### 29 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>326,957</u>	<u>189,719</u>

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 29 Related party transactions

(Continued)

#### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Income		Property expenses	
	2017	2016	2017	2016
	£	£	£	£
<b>Group</b>				
Other related parties	-	-	821,000	336,413
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Company</b>				
Entities over which the company has control, joint control or significant influence	148,000	200,000	-	-
Other related parties	-	-	821,000	336,413
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	2017	2016	2017	2016
	£	£	£	£
<b>Company</b>				
Entities over which the entity has control, joint control or significant influence	143,000	-	2,158,424	200,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	Amounts owed by related parties
	2017	2016
	Balance	Balance
	£	£
<b>Group</b>		
Other related parties	1,304,094	545,601
	<u>          </u>	<u>          </u>
<b>Company</b>		
Entities over which the company has control, joint control or significant influence	3,486	322,483
Other related parties	1,304,094	545,601
	<u>          </u>	<u>          </u>

### 30 Controlling party

The group is controlled by T S Hopkins.

# GEMINI REPAIRS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 31 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	415,719	607,785
Adjustments for:		
Taxation charged	171,486	43,473
Finance costs	70,984	67,896
Gain on disposal of tangible fixed assets	(101,442)	-
Amortisation and impairment of intangible assets	679,533	7,576
Depreciation and impairment of tangible fixed assets	583,086	470,920
Exceptional items	-	(410,796)
Movements in working capital:		
(Increase) in stocks	(214,742)	(14,924)
(Increase)/decrease in debtors	(1,650,328)	1,964,353
Increase/(decrease) in creditors	960,808	(887,617)
<b>Cash generated from operations</b>	<b>915,104</b>	<b>1,848,666</b>

### 32 Cash generated from operations - company

	2017 £	2016 £
Profit for the year after tax	1,083,410	190,905
Adjustments for:		
Taxation charged	171,486	43,473
Finance costs	70,984	57,800
Investment income	(2,158,424)	(200,000)
Gain on disposal of tangible fixed assets	(101,442)	-
Depreciation and impairment of tangible fixed assets	583,086	470,920
Amounts written off investments	1,171,132	-
Movements in working capital:		
(Increase)/decrease in stocks	(568,547)	5,629
(Increase) in debtors	(3,828,783)	(946,655)
Increase in creditors	3,772,085	1,594,569
<b>Cash generated from operations</b>	<b>194,987</b>	<b>1,216,641</b>