

Registered Number 03904201

SMR Automotive Mirrors UK Limited
Annual report and financial statements
for the year ended 31 March 2021

SMR Automotive Mirrors UK Limited

Annual report and financial statements for the year ended 31 March 2021

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SMR Automotive Mirrors UK Limited

Strategic report for the year ended 31 March 2021

The directors present their strategic report on the company for the year ended 31 March 2021.

Principal activity of the company

The principal activity of the company during the year was the design and manufacture of mirrors and components for the automotive industry.

Review of the business

The company's key financial indicators (KPI's) during the year were as follows:

	2021	2020
	€'000	€'000
Turnover	115,984	125,497
Operating profit	4,062	2,874
Operating profit %	3.5%	2.3%
Total Equity	14,112	11,254
Current Ratio (current assets as a % of current liabilities)	95%	86%
Average monthly number of employees	451	483

Turnover reduced by €9,513,000 (7.5%) in the year due to the impact of COVID-19. COVID-19 forced the closure of manufacturing activities from 23rd March 2020 with a phased restart of UK based customers throughout June and July. Sales recovered positively with the final quarter returning to pre-COVID levels. The company maintains a robust order book and sales are forecast to increase in the next financial year.

Operating profit increased to 3.5% (2020: 2.3%) due to an increased focus on controlling operating costs in light of the reduced volumes encountered due to COVID-19. Where possible fixed overhead costs were reduced to offset the revenue shortfall, the governments furlough scheme was also utilised as mitigation. Working closely with its customer base the company has implemented new technologies to improve operational efficiencies in line with new programme launches.

Distribution costs of €616,000 (2020: €376,000) increased by 64% due to disruption caused by the COVID-19 pandemic leading to issues in the supply chain and the requirement for expedited freight.

Administration costs of €14,736,000 (2020: €14,459,000) increased by €277,000, this is due to the disruption caused by COVID, as discussed below this increase was offset by Coronavirus Job Retention Scheme grants.

Other income includes €2,839,000 in relation to the Coronavirus Job Retention Scheme (CJRS), the grant has been received for employees who have been furloughed in the year.

The average headcount reduced to 451 (2020: 483) in response to the revenue reduction, staff costs reduced accordingly to €17,498,000 (2020 €18,930,000).

The current ratio increased to 95% (2020: 86%) due to an increase in trade receivables, there was a lower balance at 31 March 2020, as a result of reduced quarter four sales, as there was a COVID imposed shutdown and a reduction in the amount of non-recourse financing.

Principal risks and uncertainties

The key business risk affecting the company is considered to relate to the environment in which it operates. The company is, to a great extent, reliant on retaining its contracts with principal OEM customers. The order book for the next five years is strong with the majority of business booked, however volumes are not guaranteed so the company is susceptible to volatility in consumer demand.

SMR Automotive Mirrors UK Limited

Strategic report for the year ended 31 March 2021 (cont'd)

Principal risks and uncertainties (cont'd)

The company is exposed to a variety of financial risks as a result of its operations. The company has a risk management programme in place to manage these risks as detailed below:

COVID-19

This risk of further waves could impact revenues due to further potential government imposed lockdowns, a reduction in the workforce due to self-isolation and a reduction in disposable income due to the economic impact. To mitigate this risk the company will monitor government data closely in order to react to changes in demand allowing the timely reduction its cost base. Preventative action has already been taken to protect employees, these include social distancing (where possible), use of PPE where social distancing is not possible and temperature checking.

Employee risk

The attraction, development and retention of staff is key to managing the risk associated with staff turnover, capability, under-performance and open vacancies. The company has a number of initiatives in place designed to engage employees.

Price risk

Contracts with OEM's are fixed or have price reduction clauses. Certain materials have been subject to global inflationary pressures and the company seeks to offset these risks through specific material price agreements, cost reduction and continuous improvement activities.

Exchange rate risk

The company's functional currency is the Euro. Sales and purchases are also transacted in other currencies, notably GBP and USD. The company seeks to match the associated foreign exchange risk by sourcing materials in the same currency as that of the finished product. Where that matching is not possible the company is exposed to a foreign exchange risk. Where appropriate the company enters into foreign currency contracts to mitigate the exchange rate risk with GBP.

Liquidity risk

The company actively maintains short term debt finance in the form of invoice discounting which is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The company operates its invoice financing facilities in three currencies (GBP, EUR and USD) and therefore fluctuations in the underlying interest rates of the individual currencies will impact the finance costs to the business.

Credit rate risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. Due to the level of investments from our customers prior to the manufacture of any products, the company does not view this as a significant risk.

Brexit

As the company's operations are located in the UK it is at risk from changes relating to Brexit. The risks identified are material sourcing, increases in duties, labour availability and market volatility. A multi-functional Brexit taskforce is in place to identify and mitigate against these risks. Any developments are monitored closely.

SMR Automotive Mirrors UK Limited

Strategic report for the year ended 31 March 2021 (cont'd)

Section 172(1) statement

In accordance with Section 172 of the Companies Act 2006, the directors consider to have acted in a manner that considers in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the act) in the decisions taken during the year ended 31 March 2021.

In order to assess the likely consequences of any decision in the long term the company maintains a 5 year plan in order to evaluate the impact. This business plan is reviewed and approved regularly by the board of directors.

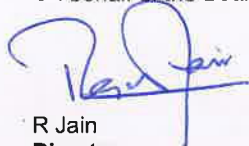
The interests of the company's employees are discussed in the directors' report, in the sections on employees and employee engagement.

The company places great importance in fostering its business relationships with suppliers, customers, and other stakeholders as well as maintaining a reputation for high standards of business conduct. Please refer to the director's report section 'Statement of engagement with suppliers, customers and other business relationships' where this is discussed further.

Our impact on the local community and the environment is monitored closely. The company regularly interacts with the local community to assess its impact. In order to promote engagement with the community the company regularly hosts or attends events.

The environmental impact of the company is also of key importance, this is driven by both the company itself and its customers who encourage sustainability within its supply chain. These sustainability goals are also measured within the companies supply base. The company has also launched new products in order to reduce CO₂ emissions of new vehicles.

On behalf of the Board



R Jain
Director

Date: 18 August 2021

SMR Automotive Mirrors UK Limited

Directors' report for the year ended 31 March 2021

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2021.

Future developments and financial risk management

Future developments and financial risk management details of the company are noted in the Strategic report.

Results and dividends

The profit for the financial year, after taxation, amounted to €2,858,000 (2020: €2,951,000).

The directors do not recommend payment of a dividend (2020: €Nil).

COVID-19

The company has been impacted by the outbreak of COVID-19 and the measures imposed by the UK Government in order to control its spread. This has impacted the business with production operations being suspended from 23rd March 2020 with a phased restart throughout June and July 2020. The suspension was predominately driven by the closure of the majority of the company's UK based customers.

In order to mitigate the financial impact relating to COVID-19 the company utilised the UK Governments Coronavirus Job Retention Scheme, placing all non-essential employees on Furlough in line with customer demand. Time to pay arrangements were also negotiated with HMRC.

In order to protect its employee's additional safety measures were introduced, these include social distancing, PPE and temperature checking. Employees were working from home where possible.

Going concern

Based on the company's latest forecasts the directors have deemed that it is appropriate to prepare the financial statements under the going concern basis. Using the latest information available forecasts have been adjusted to reflect the impact of COVID-19. In addition, Samvardhana Motherson Automotive Systems Group B.V., which is registered in The Netherlands, have committed to support the company to fulfil all of its obligations for a period to at least 31 March 2023, which is consistent with the company's going concern assessment. The directors have assessed the ability of Samvardhana Motherson Automotive Systems Group B.V. to provide financial support should it be required and noted no issues. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Employees

The company gives equal consideration to all applications for employment irrespective of any disability. Where people become disabled during the course of their employment, every endeavour is made to protect that person's position and provide retraining if necessary. All employees are eligible for consideration for appropriate training, career development and promotional opportunities, regardless of any disability.

Employee engagement statement

It is the company's policy to meet at regular intervals with representatives of various sections of employees at which relevant information and developments are discussed. Quarterly briefings are conducted by the senior management team to all employees providing an overview of the performance of the company and the financial and economic factors that affect it.

The company conducts an annual survey in order to measure its employee engagement. The output of this survey is an employee engagement action plan aimed at improving engagement across all areas. Areas that are assessed include; job satisfaction, working environment, career opportunities, communication and recognition.

An employee suggestion scheme is in place and involvement is actively encouraged to help improve performance and employee satisfaction.

SMR Automotive Mirrors UK Limited

Directors' report for the year ended 31 March 2021 (cont'd)

Statement of engagement with suppliers, customers and other business relationships

The company has long standing relationships with its customers, with most having relationships dating back greater than 20 years. The company is regarded as a key strategic partner to its customers and is engaged regularly in events on innovation and sustainability. It is important that the desirability and reputation for high standards is maintained. These high standards and strong relationships are demonstrated by our robust order book and customer quality awards.

The company's supply base is also well established with long term agreements in place with all key suppliers, we look to leverage our global presence to ensure we offer the best value and quality to our customers. Suppliers are regularly engaged in value engineering and cost reduction events. Our supply base is also engaged in our sustainability values and this communicated on a regular basis.

Research and development

Research and development costs for the year ended 31 March 2021 totalled €2,243,000 (2020: €2,579,000). The company is committed to invest in research and development activities as part of its long term initiatives. The company continues to develop the next generation of rear-view mirror system solutions, actively researching opportunities in advanced materials, technologies and processes for our future production components.

Streamlined Energy and Carbon Report (SECR)

Methodology

The methodology used follows the best practice and is based on the HM Government Environmental Reporting Guidelines March 2019. All emission factors are taken from the UK Government GCG Conversion Factors Reporting, version 1.0, 2020 factors.

Scope 1 and 2 consumption data (gas and electricity) is taken from validated and verified Utility supplier invoices (with 8% estimated based off degree day regression). Scope 1 & 3 business travel data is taken from internal tracking systems and applicable emissions factors applied; Company fleet, classed as scope 1 emissions as defined in HM Government Environmental Reporting Guidelines March 2019.

Energy performance results

Energy use (kWh)	2021	2020
Gas	1,636,002	2,295,532
Electricity	4,403,631	5,268,504
Transport fuel	20,516	215,625
	6,060,149	7,779,661

Carbon performance results

Carbon Dioxide Equivalent t/ CO ₂ e	2021	2020
Scope 1 & 2 emissions	1,331	1,800
Scope 3 emissions	284	414
	1,615	2,214

Intensity ratio

Intensity ratio	2021	2020
Kg CO ₂ e per unit produced	0.8487	0.9414

SMR Automotive Mirrors UK Limited

Directors' report for the year ended 31 March 2021 (cont'd)

Streamlined Energy and Carbon Report (SECR) (cont'd)

Energy and carbon performance commentary

The Company's CO₂ emissions of 1,615 (2020 2,214), saw a significant reduction due to the impact of COVID-19. Travel was significantly reduced as well as a reduction in utilities as office based staff worked from home. The intensity ratio is based on the Kg of CO₂ per unit produced (as this is the main driver of CO₂ generation by the company). The intensity ratio reduced to 0.8487 (2020 0.9414), the Company is committed to reducing CO₂ emissions as demonstrated by the actions outlined below.

Energy Efficiency actions

The company has an energy efficiency plan in place with the key actions noted below:

- Installation of energy monitoring systems to monitor consumption, accurately quantifying savings and developing targets for performance improvements;
- Undertaking capital expenditure projects to upgrade production systems across all sites to improve electricity, gas and water consumption;
- Developing and implementing an engagement program aimed at enhancing staff energy awareness to improve carbon emissions in a cost-effective way;
- Implementing a widespread lighting upgrade project, converting dated technology and control systems to harness energy reductions across both internal and external circuits;
- Creation and utilisation of a compressed air maintenance schedule aimed at finding and repairing leaks.

Directors

The following directors served during the year and up to the date of signing this report, unless otherwise stated:

L V Sehgal
A Heuser
S Gonzalez
R Jain

Directors' indemnities

The company has directors' and officers' liability insurance in place for the company and for subsidiary companies against liability in respect of proceedings brought by third parties, subject to the conditions set out in the section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SMR Automotive Mirrors UK Limited

Directors' report for the year ended 31 March 2021 (cont'd)

Statement of directors' responsibilities in respect of the financial statements (cont'd)

The directors 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.

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.

Directors' confirmations

Each of the persons who are directors at the date of approval of this report confirms that:

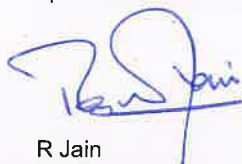
- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, Ernst and Young LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Directors' Board Meeting.

Slavery and human trafficking statement

Pursuant to Section 54 of the modern Slavery Act 2015 the company has published a Slavery and Human Trafficking Statement for the year ended 31 March 2021. The Statement sets out the steps that the company has taken to address the risk of slavery and human trafficking occurring within its own operations and its supply chains. The statement can be found on the company's corporate website.



R Jain
Director

Date: 18 August 2021

SMR Automotive Mirrors UK Limited

Independent auditors' report to the members of SMR Automotive Mirrors UK Limited

Opinion

We have audited the financial statements of SMR Automotive Mirrors UK Limited for the year ended 31 March 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 25, 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 company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 31 March 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

SMR Automotive Mirrors UK Limited

Independent auditors' report to the members of SMR Automotive Mirrors UK Limited (cont'd)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

SMR Automotive Mirrors UK Limited

Independent auditors' report to the members of SMR Automotive Mirrors UK Limited (cont'd)

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (the Companies Act 2006 and FRS 102 'The financial reporting standard applicable in the UK and Republic of Ireland') and the relevant tax compliance regulations in UK. In addition, we concluded that there are certain significant laws and regulations that may have an indirect effect on the determination of the amounts and disclosures in the financial statements. These are those laws and regulations relating to employee matters, health and safety, environmental and bribery and corruption practices.
- We understood how the company is complying with those frameworks by performing enquiries of management. We corroborated our enquiries by performing a review of the company's board minutes as well as correspondence from regulatory bodies. We noted no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management across the business to understand where they considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings and how they would achieve that.
- Based on this understanding we designed audit procedures to identify noncompliance with laws and regulations. We considered the risk of fraud through management override of controls and designed testing over manual journals entries as part of our audit approach. We used data analysis to select manual journals with specific risk criteria and obtained supporting evidence for the journals selected. We also assessed that revenue was a judgemental area of the audit which is more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue. We tested, the occurrence of the revenue recorded in the financial statements and any manual adjustments to revenue that met specific risk criteria. These procedures included tracing transactions and manual adjustments back to source documentation.

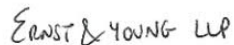
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SMR Automotive Mirrors UK Limited

Independent auditors' report to the members of SMR Automotive Mirrors UK Limited (cont'd)

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.

A handwritten signature in black ink that reads "ERNST & YOUNG LLP". The signature is written in a cursive, slightly slanted style.

Neil Corry (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 18 August 2021

SMR Automotive Mirrors UK Limited

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 €'000	2020 €'000
Turnover	5	115,984	125,497
Cost of sales		(101,217)	(109,479)
Gross profit		14,767	16,018
Distribution costs		(616)	(376)
Administrative expenses		(14,736)	(14,459)
Other operating income		4,647	1,691
Operating profit	6	4,062	2,874
Interest receivable and similar income	8	39	273
Interest payable and similar expenses	9	(510)	(391)
Profit before taxation		3,591	2,756
Tax on profit	10	(733)	195
Profit for the financial year		2,858	2,951
Total comprehensive income for the year		2,858	2,951

All amounts relate to continuing operations.

The notes on pages 15 to 27 are an integral part of these financial statements.

SMR Automotive Mirrors UK Limited

Statement of financial position as at 31 March 2021

	Note	2021 €'000	2020 €'000
Fixed assets			
Intangible assets	11	295	218
Tangible assets	12	7,421	7,470
		7,716	7,688
Current assets			
Inventories	13	4,186	4,290
Debtors – amounts falling due within one year	14	27,014	12,894
Debtors – amounts falling due after one year	14	8,723	8,381
Cash at bank and in hand		1,013	10,127
		40,936	35,692
Creditors – amounts falling due within one year	16	(33,862)	(31,665)
Net current assets		7,074	4,027
Total assets less current liabilities		14,790	11,715
Creditors – amounts falling due after more than one year	17	(1)	(30)
Provisions for liabilities	19	(677)	(431)
Net assets		14,112	11,254
Capital and reserves			
Called up share capital	21	-	-
Accumulated income		14,112	11,254
Total equity		14,112	11,254

The notes on pages 15 to 27 are an integral part of these financial statements.

The financial statements on pages 12 to 27 were approved by the Board of directors on 18 August 2021 and were signed on its behalf by:



R. Jain
Director
 SMR Automotive Mirrors UK Limited
 Registered Number 03904201

SMR Automotive Mirrors UK Limited

Statement of changes in equity for the year ended 31 March 2021

	Called up share capital €'000	Accumulated income €'000	Total equity €'000
Balance as at 1 April 2019	-	8,303	8,303
Profit for the financial year	-	2,951	2,951
Balance as at 31 March 2020	-	11,254	11,254
Profit for the financial year	-	2,858	2,858
Balance as at 31 March 2021	-	14,112	14,112

Accumulated income represents accumulated comprehensive income for the year and prior periods.

The notes on pages 15 to 27 are an integral part of these financial statements.

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021

1 General information

SMR Automotive Mirrors UK Limited ("the company") is a private company limited by shares, domiciled and incorporated in England. The address of its registered office is Castle Trading Estate, East Street, Portchester, Hampshire, PO16 9SD.

The principal activity of the company during the year was the design and manufacture of mirrors and components for the automotive industry.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and in accordance with the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has applied FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the recognition of certain financial assets and liabilities at fair value. The directors have considered all available information relating to the future of the business and confirm their assessment that preparing the financial statements on a going concern basis is appropriate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in these financial statements are disclosed in note 4.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Samvardhana Motherson Automotive Systems Group B.V., which is registered in the Netherlands. Samvardhana Motherson Automotive Systems Group B.V. prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 25.

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the statement of comprehensive income.
- Section 33 'Related Party Disclosures'
Paragraphs 33.7 and 33.1A, Disclosure of compensation for key management personnel and related party transactions.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

3 Summary of significant accounting policies (cont'd)

Going concern

Based on the company's latest forecasts the directors have deemed that it is appropriate to prepare the financial statements under the going concern basis. Using the latest information available forecasts have been adjusted to reflect the impact of COVID-19. In addition, Samvardhana Motherson Automotive Systems Group B.V., which is registered in The Netherlands, have committed to support the company to fulfil all of its obligations for a period to at least 31 March 2023, which is consistent with the company's going concern assessment. The directors have assessed the ability of Samvardhana Motherson Automotive Systems Group B.V. to provide financial support should it be required and noted no issues. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Revenue recognition

Turnover represents the amount receivable for goods supplied or services rendered, net of discounts and value added taxes. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Turnover is attributable to the one continuing activity of the company, the manufacture of mirrors and components for the motor trade. Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon collection of the products by the customer.

Turnover from customer specific development and tooling including the related contributions from customer are recognised upon completion and acceptance by the customer. Any excess over the contributions from customers is expensed as incurred if no guaranteed return in the price per piece from the sale of the respective goods is agreed upon.

Functional and presentational currency

The company's functional and presentational currency is the euro.

Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined. All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it incurred.

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

3 Summary of significant accounting policies (cont'd)

Taxation

The tax charge represents the sum of the current tax charge and deferred tax charge.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date, unless it is not considered probable that deferred tax assets will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Intangible assets

Intangible assets relate to licenses and software development costs which are stated at historical cost. As the waves of deployment are completed, the costs which have been capitalised will be amortised over a basis so as to ensure that they are fully written down at the end of the 10 year life which will commence with the first deployment.

Licenses are held at historical cost less impairment. Once in use management will review licenses periodically for any indicators that the licenses may not be put into use alongside completion of periodic impairment reviews.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, which is the original purchase price plus incidental expenses, less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful economic life, as follows:

Land	Land is not depreciated
Freehold buildings	Straight line over 50 years
Plant and machinery	Straight line 3 to 10 years
Fixtures, fittings, tools & equipment	Straight line 3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Assets under construction are stated at cost and not depreciated until they are brought into service.

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

3 Summary of significant accounting policies (cont'd)

Inventories

Inventories are valued on a first-in first-out basis, at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business. In the case of work in progress, costs comprise direct materials, direct labour and an appropriate proportion of manufacturing and variable overheads. Where necessary, provision is made for obsolete, slow moving or defective stocks.

Tooling costs

Tooling costs, which are recoverable from customers, are included within debtors. Tooling costs borne by the company are capitalised within tangible fixed assets and written off over their useful economic life depending upon the duration of the customer contract.

Factoring without recourse

The company has entered into non-recourse factoring agreements, where the rights, risks and the obligations are transferred to the factoring company. Factored invoices are excluded from trade debtors once the cash is received from the factoring company.

Reverse factoring without recourse

The company has entered into a non-recourse reverse factoring agreement, where the rights, risks and the obligations are transferred to the factoring company. Invoices sold to the finance provider are excluded from trade debtors once the cash is received from the finance provider.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown in creditors due within one year.

Government grants

Government grants are recognised when it is reasonably certain to expect that the grants will be received, once all conditions have been met and a valid claim has been submitted. Government grants in relation to capital expenditure are credited to deferred income and released to the statement of comprehensive income over the expected useful life of the relevant assets by equal annual installments. Grants of a revenue nature are credited to income to match with the expenditure to which they relate.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Onerous contract provisions are recorded where there is an expectation that a contract will be loss making and judgement is applied to determine the magnitude of any provision.

Financial instruments

Financial assets

Basic financial assets, including debtors, cash and bank balances and loans to fellow group companies are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest rate method and are assessed annually for evidence of impairment. Any impairment loss or reversal of an impairment loss is recognised in the statement of comprehensive income.

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

3 Summary of significant accounting policies (cont'd)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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. Such debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classed as current liabilities if payment is due within one year or less.

Offsetting

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.

Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

Pension scheme

The company also operates a defined contribution pension scheme for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas of critical accounting judgements.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities with the next financial year are addressed below.

Customer price down provision

The company makes an estimate of the settlement with customers, in relation to customer price downs based on the latest discussions with customers and management's expectations of the likely settlement. A customer price down provision is only made where a specific, measureable agreement has been reached and agreed with customers.

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

5 Turnover

Turnover is attributable to the one principal activity of the company, the manufacture of mirrors and components for the automotive industry.

	2021 €'000	2020 €'000
Turnover by destination		
United Kingdom	55,784	78,045
Rest of Europe	45,580	40,784
North, Central and South America	14,620	6,668
	115,984	125,497

6 Operating profit

	2021 €'000	2020 €'000
Operating profit is stated after charging/(crediting)		
Staff costs		
- wages and salaries	15,200	16,397
- social security costs	1,404	1,544
- other pension costs (note 22)	894	989
Total staff costs	17,498	18,930
Operating leases – hire of vehicles, plant and machinery	266	305
Operating lease rentals – land and buildings	1,715	1,583
Depreciation of owned assets – see note 12	1,125	1,168
Depreciation of leased assets – see note 12	37	43
Loss on disposal of tangibles assets	36	-
Research and development costs	2,243	2,579
Inventory recognised as an expense	88,288	95,748
Foreign exchange (gain)/loss	(388)	128
Auditors' remuneration – for audit services	67	74
Auditors' remuneration – for audit services of other group companies	5	5
Auditors' remuneration – for non-audit services	41	19
Total audit fees	113	98

7 Directors and employees

Directors' emoluments	2021 €'000	2020 €'000
Aggregate emoluments	-	46
Highest paid director	2021 €'000	2020 €'000
Aggregate emoluments	-	46

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

7 Directors and employees (cont'd)

Emoluments of one director (2020: one) were borne by the company as disclosed above. No other amounts have been paid or are owed at 31 March 2021 (2020: €nil) in respect of services supplied by the directors to the company, since their services are incidental to their services to the group as a whole.

Staff numbers

The average monthly number of employees, including directors, during the year, analysed by category, was as follows:

	2021	2020
Production staff	395	420
Distribution staff	27	28
Administrative staff	29	35
	451	483

8 Interest receivable and similar income

	2021 €'000	2020 €'000
Bank interest receivable	-	4
Interest receivable from group undertakings	32	65
Other interest receivable	7	204
	39	273

9 Interest payable and similar expenses

	2021 €'000	2020 €'000
Bank interest payable	3	-
Interest payable to group undertakings	312	114
Interest payable on other loans	194	276
Finance lease interest	1	1
	510	391

10 Tax on profit

	2021 €'000	2020 €'000
Current tax		
Corporation tax charge	655	-
Total current tax	655	-
Deferred tax		
Deferred tax	(5)	37
Adjustment in respect of prior periods	83	(232)
Total deferred tax	78	(195)
Total tax on profit	733	(195)

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

10 Tax on profit (cont'd)

Reconciliation of tax charge

The tax assessed for the year is higher than (2020: lower) the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%). The differences are explained below:

	2021 €'000	2020 €'000
Profit before taxation	3,591	2,756
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	682	524
Effects of:		
Expenses not deductible/(income not taxable) for tax purposes	(27)	(140)
Adjustment in respect of prior periods	83	(232)
Group relief receivable	-	(384)
Recognition of deferred tax asset previously not recognised	(5)	37
Total charged/(credited) for the year	733	(195)

The Finance (no.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2020: 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announced on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted after the balance sheet date (on 24 May 2021) and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

11 Intangible assets

	Computer software €'000	Total €'000
Cost		
At 1 April 2020	218	218
Additions	77	77
At 31 March 2021	295	295
Net book value		
At 31 March 2021	295	295
At 31 March 2020	218	218

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

12 Tangible assets

	Land and buildings €'000	Plant and machinery €'000	Fixtures, fittings, tools & equipment €'000	Total €'000
Cost				
At 1 April 2020	2,088	18,204	7,876	28,168
Additions	-	1,293	-	1,293
Transfers between classes	31	(442)	411	-
Reclassification between cost and depreciation	(15)	3,127	(123)	2,989
Disposals	-	(5,060)	(240)	(5,300)
At 31 March 2021	2,104	17,122	7,924	27,150
Accumulated depreciation				
At 1 April 2020	671	12,685	7,342	20,698
Charge for the year	48	885	229	1,162
Reclassification between cost and depreciation	(15)	3,127	(123)	2,989
Disposals	-	(4,881)	(239)	(5,120)
At 31 March 2021	704	11,816	7,209	19,729
Net book value				
At 31 March 2021	1,400	5,306	715	7,421
At 31 March 2020	1,417	5,519	534	7,470

Fixtures, fittings, tools and equipment includes assets held under a finance lease €31,000 (2020: €68,000).

A reclassification has been made between cost and depreciation in relation to assets purchased before 8 March 2000 that were disposed of in previous periods and their acquisition cost was not used.

13 Inventories

	2021 €'000	2020 €'000
Raw materials	2,078	2,701
Work in progress	187	228
Finished goods and goods for resale	1,921	1,361
	4,186	4,290

Inventories are stated after provision for impairment of €306,000 (2020: €257,000)

There is no significant difference between the replacement cost of the inventories and the carrying amount in the statement of financial position.

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

14 Debtors

	2021 €'000	2020 €'000
Amounts falling due within one year		
Trade debtors	20,637	2,213
Amounts owed by group undertakings	4,794	8,067
Corporation tax	115	581
Other taxes and social security	14	127
Other debtors	545	253
Prepayments and accrued income	909	1,653
	27,014	12,894

Amounts owed by group undertakings includes a €4.5 million loan (2020: €7.9 million) which matured on the 31 March 2021 and bears interest at a rate of 5.00% pa (2020: 5.25% pa). All other amounts are unsecured, interest free and repayable on demand.

	2021 €'000	2020 €'000
Amounts falling due after more than one year		
Other debtors	8,723	8,381

15 Deferred tax

The deferred tax liability recognised consists of:

	2021 €'000	2020 €'000
Differences between accumulated depreciation and amortisation and capital allowances	(175)	(97)
Other timing differences	-	-
Total deferred tax recognised	(175)	(97)
		€'000
Liability recognised at 1 April 2020		(97)
Amount charged to the statement of comprehensive income		(78)
Liability recognised at 31 March 2021		(175)

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

16 Creditors – amounts falling due within one year

	2021 €'000	2020 €'000
Trade creditors	21,793	19,045
Amounts owed to group undertakings	7,622	8,549
Other taxes and social security	430	919
Obligations under finance leases	30	36
Other creditors	147	122
Accruals and deferred income	3,840	2,994
	33,862	31,665

Amounts owed to group undertakings includes a loan €4.5 million (2020: €2 million) which bear interest at 2.5% (2020: 5.00%) per annum, which matured on the 30 June 2021 and a loan €0.7 million which bears interest at 5% per annum, which matured on the 31 March 2021.

All other amounts are unsecured, interest free and repayable on demand.

17 Creditors – amounts falling due after more than one year

	2021 €'000	2020 €'000
Obligations under finance leases	1	30

18 Other borrowings

The company had the following future lease payments for each of the following periods:

Finance lease payments due	2021 €'000	2020 €'000
Within one year	30	36
Within two to five years	1	30
Total gross payments	31	66
Less finance charges	-	-
Carrying amount of the liability	31	66

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

19 Provisions for liabilities

	Deferred tax €'000	Warranty €'000	Total €'000
At 1 April 2020	97	334	431
Amount charged to other comprehensive income	78	378	456
Utilised during the year	-	(210)	(210)
At 31 March 2021	175	502	677

Warranty provision

The company provides for warranty claims from its customers which it is aware of but are not yet settled. Once notifications of the costs of repair or replacement of faulty parts are received from the company's customers, the provisions are generally utilised with four months of the notification date.

20 Operating lease commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2021 €'000	2020 €'000
Within one year	397	246
Within two to five years	3,448	2,370
Over five years	5,833	6,330
	9,678	8,946

21 Called up share capital

Allotted and fully paid	2021 £	2020 £
2 Ordinary shares of £1 each (2020: 2)	2	2

22 Pension costs

The company participates in a defined contribution plan. The pension cost charge for the financial year represents contributions payable by the company to the fund and amounted to €894,000 (2020: €989,000). At the year end, other creditors/accruals included €139,000 (2020: €116,000).

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2021 (cont'd)

23 Related party transactions

The company had the following transactions with Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd., a joint venture partially owned by a fellow subsidiary company in the group.

The company had the following transactions and balances:

Payments due	2021 €'000	2020 €'000
Sales	-	23
Purchases	-	65
Other operating income	136	135
Trade receivables	49	142
Trade payables	-	-

All transactions were at arm's length.

24 Commitments

The company has six outstanding charges assigned to Wilmington Trust (London) Limited acting as security agent for Standard Chartered Bank (and its successors it Title and permitted transferees), the fixed and floating charge covers all land and property or undertaking of the company.

25 Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party during the financial year was SMR Automotive Mirror Parts and Holdings UK Limited.

The parent company is part of the Samvardhana Motherson Automotive Systems Group B.V. group. This group is a joint venture between Motherson Sumi Systems Limited (MSSL) and Samvardhana Motherson International Limited (SMIL) in the ratio 51:49. Therefore the directors consider MSSL, a company incorporated in India to be the ultimate parent undertaking and controlling party.

The financial statement of Samvardhana Motherson Automotive Systems Group B.V. are the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements are available from:

Hoogoorddreef 15
1101 BA Amsterdam
The Netherlands

The financial statement of Motherson Sumi Systems Limited are the largest group of undertakings to consolidate these financial statements. The consolidated financial statements are available from:

Unit 705, C Wing
ONE BKC. G Block
Bandra Kurla Complex
Bandra East, Mumbai – 400051
Maharashtra, India