
Registered number: 03904201

SMR AUTOMOTIVE MIRRORS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1000

SMR AUTOMOTIVE MIRRORS UK LIMITED

CONTENTS

	Page(s)
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 7
Independent Auditor's Report to the Members of SMR Automotive Mirrors UK Limited	8 - 10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 32

SMR AUTOMOTIVE MIRRORS UK LIMITED

COMPANY INFORMATION

Directors	L V Sehgal A Heuser C Zawadzinski S Gonzalez
Company secretary	A B Whiting
Registered number	03904201
Registered office	Castle Trading Estate East Street Portchester Hampshire PO16 9SD
Independent auditor	Ernst & Young LLP Statutory Auditor Bedford House 16 Bedford Street Belfast BT2 7DT
Bankers	HSBC Bank Plc PO Box 68 130 New Street Birmingham B2 4JU
Solicitors	Blake Morgan LLP New Kings Court Tollgate Eastleigh Hampshire SO53 3LG

CL2

SMR AUTOMOTIVE MIRRORS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present the Strategic Report of SMR Automotive Mirrors UK Limited (the "Company") for the year ended 31 March 2019.

REVIEW OF BUSINESS

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

	2019 €'000	2018 €'000
Turnover	139,004	156,079
Operating Profit	4,535	4,290
Operating Profit %	3.3%	2.7%
Total Equity	8,303	4,960
Current Ratio (current assets as a % of current liabilities)	111%	100%
Average monthly number of employees	530	499

Turnover reduced by €17,075,000 (11)% in the year due to a challenging economic environment caused by uncertainty in the global Automotive Industry and uncertainty over Brexit. The Company has a strong order book and turnover is anticipated to recover to 2018 levels by 2021 with several new programmes launching in the second half of the year ended 31 March 2020.

Despite the reduction in turnover mentioned above the Company's operating profit increased to 3.3% (2018: 2.7%), this was due to improvements in efficiencies and the control of overhead costs.

Distribution costs of €819,000 (2018: €1,277,000) reduced by 36% due to the turnover reduction and a change in the customer mix. There has also been a focus on cost control and the minimising of avoidable costs.

Administration costs of €13,364,000 (2018: €16,439,000) reduced by €3,075,000, this is a result of right sizing the cost base in light of the challenges mentioned above. Administration costs include €2,041,000 (2018: €2,707,000) of Group charges for the provision of centralised services such as Management, Engineering and R & D.

The Company's total equity changed as a result of the profit for the year and dividend payments of €1,500,000 (2018: €12,000,000).

The current ratio of 111% (2018: 100%) was impacted by the increase in inventories as risk mitigation in preparation for Brexit and implementation costs for new customer programmes.

Despite the average headcount increasing to 530 (2018: 499) staff costs reduced to €19,091,000 (2018: €24,414,000), this is due to a reduction in sales volumes, a change in the mix of employees and an improvement in efficiencies.

SMR AUTOMOTIVE MIRRORS UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

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.

This report was approved by the board and signed on its behalf by:



C Zawadzinski
Director

Date: 23/07/2019

SMR AUTOMOTIVE MIRRORS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their annual report and the audited financial statements of SMR Automotive Mirrors UK Limited (the "Company") for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The profit for the financial year, after taxation, amounted to €4,843,000 (2018: €3,530,000).

A dividend of €1,500,000 was distributed during the year ended 31 March 2019 (2018: €12,000,000). The Directors do not recommend the payment of a final dividend.

FINANCIAL RISK MANAGEMENT

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:

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. 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.

all

SMR AUTOMOTIVE MIRRORS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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.

DIRECTORS

The directors shown below have held office during the year from 1 April 2019 to the date of signing this report, unless otherwise stated, were:

L V Sehgal
A Heuser
C Zawadzinski
M E Flores Camacho (resigned 23 May 2019)
S Gonzalez (appointed 23 May 2019)

DIRECTORS' LIABILITIES

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.

FUTURE DEVELOPMENTS

This year has seen the Company continuing to meet the customers' requests for higher specification products whilst adapting to the fall in demand which is being felt in the market due to lower consumer demand.

The Company is focussed on the introduction of new technologies for the future and there is continuing interaction with our customers in support of this activity.

The competitive environment has remained intense and we believe that it will continue as the market adapts to the current challenges. The Company's order book is strong with the majority of the budgeted turnover committed due to the award of new customer programmes.

662

SMR AUTOMOTIVE MIRRORS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

CREDITOR PAYMENT POLICY AND PRACTICE

The Company agrees the terms and conditions under which business transactions with suppliers are conducted. It is Company policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. Given the nature and diversity of the Company's purchasing arrangement it is not Company policy to follow any code or standard when dealing with the payment of suppliers.

As an indication of the average number of days outstanding between receipt of supplier invoices and their payment at 31 March 2019 the amount owed to trade creditors by the Company was equivalent to 78 days purchases from suppliers during the year (2018: 81 Days)

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report, the annual report and financial statement in accordance with UK company legislation and generally accepted United Kingdom accounting practice. The directors are satisfied that the financial statements give a true and fair view of the state of affairs of the company and the profit or loss for the period in question.

In preparing the financial statements the directors have:

- selected suitable accounting policies and applied them consistently;
- made prudent and reasonable judgements and accounting estimates;
- have followed UK accounting standards and explained any material departures in the notes to the accounts;
- prepared the financial statements on a going concern basis;
- taken adequate measures to ensure that proper accounting records have been maintained; and
- put in place effective safeguards to protect Company assets from fraud and misappropriation.

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.

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.

DIRECTORS' STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the 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.

CU2

SMR AUTOMOTIVE MIRRORS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

INDEPENDENT AUDITORS

The Auditors, Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

RESEARCH AND DEVELOPMENT

Research and Development costs for the year ended 31 March 2019 totalled €2,387,000 (2018: €1,680,000). 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 rear view mirrors system solutions, actively researching opportunities of advanced materials, technologies and processes for our future production components.

EMPLOYEE INVOLVEMENT

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 from all shifts and departments. A staff suggestion scheme was introduced in 2017 and this continues to be well utilised.

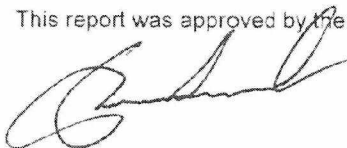
EMPLOYEES

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.

POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

This report was approved by the board and signed on its behalf by:



C Zawadzinski
Director

Date: 23/07/2019

SMR AUTOMOTIVE MIRRORS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMR AUTOMOTIVE MIRRORS UK LIMITED

Opinion

We have audited the financial statements of SMR Automotive Mirrors UK Limited (the "Company") for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 27, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

cc

SMR AUTOMOTIVE MIRRORS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMR AUTOMOTIVE MIRRORS UK LIMITED (CONTINUED)

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.

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.

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 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' statement of responsibilities 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.

CLL

SMR AUTOMOTIVE MIRRORS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMR AUTOMOTIVE MIRRORS UK LIMITED
(CONTINUED)

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

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.

Ernst & Young LLP

Ruth Logan (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP

Statutory Auditor

Belfast

Date: 26/7/19

CL2

SMR AUTOMOTIVE MIRRORS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 €000	2018 €000
Turnover	4	139,004	156,079
Cost of sales		(120,286)	(134,073)
Gross profit		18,718	22,006
Distribution costs		(819)	(1,277)
Administrative expenses		(13,364)	(16,439)
Operating profit	7	4,535	4,290
Interest receivable and similar income	9	66	419
Interest payable and similar expenses	10	(275)	(271)
Profit before taxation		4,326	4,438
Tax on profit	11	517	(908)
Profit for the financial year		4,843	3,530
Total comprehensive income for the financial year		4,843	3,530

The notes on pages 14 to 32 form part of these financial statements.

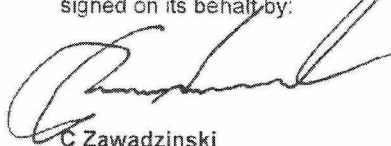
522

SMR AUTOMOTIVE MIRRORS UK LIMITED
REGISTERED NUMBER: 03904201

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 €000	2018 €000
Fixed assets			
Intangible assets	13	79	-
Tangible assets	14	6,853	6,877
		<u>6,932</u>	<u>6,877</u>
Current assets			
Stocks	15	4,968	4,563
Debtors: amounts falling due after more than one year	16	8,215	1,229
Debtors: amounts falling due within one year	16	12,770	14,501
Cash at bank and in hand	17	6,244	10,145
		<u>32,197</u>	<u>30,438</u>
Creditors: amounts falling due within one year	18	(28,976)	(30,376)
Net current assets		<u>3,221</u>	<u>62</u>
Total assets less current liabilities		<u>10,153</u>	<u>6,939</u>
Creditors: amounts falling due after more than one year	19	(1,236)	(1,229)
Provisions for liabilities			
Deferred taxation	20	(292)	(274)
Other provisions	21	(322)	(476)
		<u>(614)</u>	<u>(750)</u>
Net assets		<u><u>8,303</u></u>	<u><u>4,960</u></u>
Capital and reserves			
Called up share capital	22	-	-
Profit and loss account	23	8,303	4,960
Total shareholders' funds		<u><u>8,303</u></u>	<u><u>4,960</u></u>

The financial statements on pages 11 to 32 were approved and authorised for issue by the board and were signed on its behalf by:



C Zawadzinski
 Director

Date 23/07/2019

The notes on pages 14 to 32 form part of these financial statements.

SMR AUTOMOTIVE MIRRORS UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital €000	Profit and loss account €000	Total shareholders' funds €000
At 1 April 2017	-	13,430	13,430
Comprehensive income for the financial year			
Profit for the financial year	-	3,530	3,530
Total comprehensive income for the financial year	-	3,530	3,530
Contributions by and distributions to owners			
Dividends: Equity capital	-	(12,000)	(12,000)
Total transactions with owners	-	(12,000)	(12,000)
At 31 March 2018 and 1 April 2018	-	4,960	4,960
Comprehensive income for the financial year			
Profit for the financial year	-	4,843	4,843
Total comprehensive income for the financial year	-	4,843	4,843
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,500)	(1,500)
Total transactions with owners	-	(1,500)	(1,500)
At 31 March 2019	-	8,303	8,303

The notes on pages 14 to 32 form part of these financial statements.

222

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

SMR Automotive Mirrors UK Limited (the "Company") is incorporated in the United Kingdom ("UK"). The address of the registered office is Castle Trading Estate, East Street, Portchester, Hampshire, PO16 9SD.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Samvardhana Motherson System Group B. V. as at 31 March 2019 and these financial statements may be obtained from Hoongoorddreef 15, 1101 BA Amsterdam, The Netherlands.

CL2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of trade discounts, VAT and other sales related taxes. Turnover is attributable to one continuing activity, the manufacture of mirrors and components for the motor trade.

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 measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes.

Turnover is mainly generated from the sale of goods. Turnover from the sale of goods 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. Provisions for customer rebates and discounts as well as for returns and other adjustments are provided for in the same year the related sales are recognised.

Turnover from customer-specific development and tooling and the related contributions from customers 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.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

CCL

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Tangible assets (continued)

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

The estimated useful lives range as follows:

Freehold property	- Over 50 years
Plant and machinery	- 3 to 10 years
Fixtures, fittings, tools & equipments	- 3 to 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CL2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

66

SMR AUTOMOTIVE MIRRORS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

CL2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual installments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

CL2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

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

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

2.20 Factoring without recourse

The Company entered into non-recourse factoring agreements where the rights and the obligations (including the risk of the receivables turning out to be bad debt) are transferred to the factor. Given that, factored trade receivables are derecognised from the Balance Sheet when proceeds are received from the factor.

2.21 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 is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the period. Estimates and judgments 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.

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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within 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 down provision based on the latest discussions with customers and managements expectation of the likely settlement. Customer price down provisions are only made where a specific, measurable agreement has been reached and agreed with customers.

4. Turnover

The turnover and profit on ordinary activities before taxation are attributable to the one principal activity of the Company.

Analysis of turnover by country of destination:

	2019 €000	2018 €000
Rest of the World	4,111	8,337
Europe	41,167	25,974
United Kingdom	93,726	121,768
	<u>139,004</u>	<u>156,079</u>

ccr

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. Employees

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

	2019 €000	2018 €000
Wages and salaries	16,627	22,048
Social security costs	1,624	1,657
Other pension costs	840	709
	<u>19,091</u>	<u>24,414</u>

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

	2019 Number	2018 Number
Production staff	466	431
Distribution staff	34	35
Administrative staff	30	33
	<u>530</u>	<u>499</u>

6. Directors' remuneration

	2019 €000	2018 €000
Aggregate Directors' emoluments	196	164
Company contributions to defined contribution pension schemes	-	2
	<u>196</u>	<u>166</u>

During the year retirement benefits were paid to no directors (2018: 1).

In the year ended 31 March 2019 and the year ended 31 March 2018, all remaining directors were remunerated by other Motherson Sumi Systems Limited Group Companies for which no recharge was made to SMR Automotive Mirrors UK Limited. It is not possible to make an accurate apportionment of Directors' Emoluments relating to services provided to the Company and as such no additional disclosure of emoluments received by these directors has been made in these financial statements.

CL2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

7. Operating profit

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

	2019 €000	2018 €000
Research & development expenditure written off	2,387	1,680
Foreign exchange gains	(7)	(338)
Operating lease rentals	2,460	2,502
Depreciation of owned tangible assets	1,196	1,216
Depreciation of leased tangible assets	16	-
Loss on disposal of tangible assets	27	-
Inventory recognised as an expense	108,682	112,602

8. Auditors' remuneration

	2019 €000	2018 €000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	82	83

Fees payable to the Company's auditors in respect of:

Audit-related assurance services in relation to other UK group companies which are borne by SMR AM UK Ltd	5	28
All other services	9	42
	14	70

9. Interest receivable and similar income

	2019 €000	2018 €000
Group interest receivable	66	419

CL2

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Interest payable and similar expenses

	2019 €000	2018 €000
Other loan interest payable	258	271
Finance leases and hire purchase contracts	17	-
	<u>275</u>	<u>271</u>

11. Tax on profit

	2019 €000	2018 €000
Corporation tax		
Current tax on profits for the financial year	-	872
Adjustment in respect of prior periods	(535)	-
Total current tax	<u>(535)</u>	<u>872</u>
Deferred tax		
Origination and reversal of timing differences	18	36
Total deferred tax	<u>18</u>	<u>36</u>
Total tax	<u>(517)</u>	<u>908</u>

CCL

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 €000	2018 €000
Profit before taxation	4,326	4,438
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	822	843
Effects of:		
Group relief receivable	(846)	-
Expenses not deductible for tax purposes	24	83
Recognition of deferred tax asset previously not recognised	18	(18)
Adjustment in respect of prior periods	(535)	-
Total tax (credit)/charge for the year	(517)	908

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Dividends

	2019 €000	2018 €000
Equity dividends on ordinary shares declared and paid:		
Interim for 2019: €750,000 per share (2018: €6,000,000)	1,500	12,000

CLL

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Intangible assets

	Computer software €000
Cost	
At 1 April 2018	-
Additions	79
At 31 March 2019	<u>79</u>
Net book value	
At 31 March 2019	<u>79</u>
At 31 March 2018	<u>-</u>

CL2

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Tangible assets

	Freehold property €000	Plant and machinery €000	Fixtures, fittings, tools & equipments €000	Total €000
Cost				
At 1 April 2018	1,998	15,884	7,545	25,427
Additions	-	1,286	-	1,286
Transfers intra group	-	(337)	-	(337)
Disposals	-	(18)	(9)	(27)
At 31 March 2019	1,998	16,815	7,536	26,349
Accumulated depreciation				
At 1 April 2018	585	11,109	6,856	18,550
Charge for the year	42	926	244	1,212
Disposals	-	(18)	(9)	(27)
Transfers intra group	-	(239)	-	(239)
At 31 March 2019	627	11,778	7,091	19,496
Net book value				
At 31 March 2019	1,371	5,037	445	6,853
At 31 March 2018	1,413	4,775	689	6,877

The net book value of fixtures and equipment includes €21,000 (2018: €38,000) in respect of assets held under finance leases. The amount of depreciation in respect of these assets was €16,000 for the year (2018: €Nil).

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 €000	2018 €000
Fixtures, fittings, tools & equipments	21	38

CL2

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

15. Stocks

	2019 €000	2018 €000
Raw materials	2,954	2,577
Work in progress	322	338
Finished goods and goods for resale	1,692	1,648
	<u>4,968</u>	<u>4,563</u>

Stocks are stated after provisions for impairment of €578,000 (2018: €576,000).

There is no significant difference between the replacement cost of work in progress and finished goods and their carrying amount.

16. Debtors

	2019 €000	2018 €000
Due after more than one year		
Other debtors	<u>8,215</u>	<u>1,229</u>
Due within one year		
Trade debtors	4,496	4,207
Amounts owed by group undertakings	5,706	3,921
Other debtors	-	3,497
Prepayments and accrued income	1,237	2,199
Corporation tax receivable	1,332	677
	<u>12,770</u>	<u>14,501</u>

Included within amounts owed by group undertakings are loans with a principal value of €5.64m (2018: €3.14m) which are unsecured, bears interest at 5.25% and are due for repayment within one year. All other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Cash at bank and in hand

	2019 €000	2018 €000
Cash at bank and in hand	<u>6,244</u>	<u>10,145</u>

GW

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. Creditors: amounts falling due within one year

	2019 €000	2018 €000
Trade creditors	21,217	25,492
Amounts owed to group undertakings	4,541	3,805
Other taxation and social security	631	469
Obligations under finance lease and hire purchase contracts	14	-
Other creditors	-	475
Accruals and deferred income	2,573	135
	<u>28,976</u>	<u>30,376</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency transactions. The outstanding contract matured during the year.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for EUR/GBP.

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

	2019 €000	2018 €000
Net obligations under finance leases and hire purchase contracts	7	-
Accruals and deferred income	1,229	1,229
	<u>1,236</u>	<u>1,229</u>

CL2

SMR AUTOMOTIVE MIRRORS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Deferred taxation

	2019 €000
At beginning of year	274
Charged to profit and loss	18
At end of year	<u>292</u>

The provision for deferred taxation is made up as follows:

	2019 €000	2018 €000
Accelerated capital allowances	<u>292</u>	<u>274</u>

21. Other provisions

	Warranty provision €000
At 1 April 2018	476
Charged to profit and loss	606
Utilised in year	(760)
At 31 March 2019	<u>322</u>

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 within four months of the notification date.

22. Called up share capital

	2019 €	2018 €
Shares classified as equity		
Allotted, called up and fully paid		
2 (2018: 2) Ordinary shares of €1 (2018: €1) each	<u>2</u>	<u>2</u>

There is a single class of ordinary shares which are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. There are no restrictions on the distribution of dividends and the repayment of capital.

CLL

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

23. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

24. Pension commitments

Defined contribution plans

The Company provides defined contribution pension schemes for employees. Over the year to 31 March 2019, contributions paid by the Company of €840,000 (2018: €709,000) were made to these defined contribution schemes. There were no pension contributions outstanding as 31 March 2019 (2018: €Nil).

25. Commitments under operating leases

At 31 March the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 €000	2018 €000
Not later than 1 year	331	1,100
Later than 1 year and not later than 5 years	1,392	816
Later than 5 years	6,974	-
	<u>8,697</u>	<u>1,916</u>

26. 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 in the SMR group, throughout the year and the following year end balances:

Sales of €14,000 (2018: €177,000).

Purchases of €18,000 (2018: €Nil).

Trade receivables of €12,000 (2018: €3,000); and

Trade payables of €18,000 (2018: €Nil).

All transactions were on an arm's length basis.

CU

SMR AUTOMOTIVE MIRRORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

27. Ultimate parent undertaking and controlling party

The Company's intermediate parent company is Samvardhana Motherson Reflectec Group Holdings Limited (SMRGHL), a company incorporated in Jersey. SMRGHL is 98.45% owned by Samvardhana Motherson Automotive Systems Group B.V, a joint venture between Motherson Sumi Systems Limited (MSSL) and Samvardhana Motherson International Limited (SMIL) in the ratio 51:49. SMIL and MSSL are substantial shareholders of the Company.

However, the directors consider Motherson Sumi Systems Limited, a company incorporated in India, to be the Company's ultimate parent and controlling party.

The financial statements of Samvardhana Motherson System Group B.V. are the smallest group of consolidated financial statements which include the Company and can be obtained from the following address:

Hoongoorddreef 15,
1101 BA Amsterdam,
The Netherlands

The financial statements of Motherson Sumi Systems Limited, the Company's ultimate parent and controlling party are the largest group of consolidated financial statements which include the Company and can be obtained from the following address:

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

CLL