

Registered Number 03904201

SMR Automotive Mirrors UK Limited
Annual report and financial statements
for the year ended 31 March 2020

SMR Automotive Mirrors UK Limited

Annual report and financial statements for the year ended 31 March 2020

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SMR Automotive Mirrors UK Limited

Strategic report for the year ended 31 March 2020

The directors present their strategic report on the company for the year ended 31 March 2020.

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:

	2020 €'000	2019 €'000
Turnover	125,497	139,004
Operating profit	2,874	4,535
Operating profit %	2.3%	3.3%
Total Equity	11,254	8,303
Current Ratio (current assets as a % of current liabilities)	86%	83%
Average monthly number of employees	483	530

Turnover reduced by €13,507,000 (9.7%) in the year due to the impact of COVID-19, as well uncertainty over Brexit and the global automotive industry. As discussed in the directors report COVID-19 forced the closure of manufacturing activities from 23rd March, this closure reduced revenues by approximately €4.3m. The company has re-budgeted post COVID-19 and is expecting further revenue reductions in 2021 due to the extended lockdown period significantly impacting the first quarter sales. Based on its robust order book the company is confident that revenues will increase beyond 2019 levels by 2022.

Operating profit reduced to 2.3% (2019: 3.3%) due to the reduction in revenues as discussed above. Where possible fixed overhead costs were reduced to offset the revenue shortfall. Working closely with its customer base the company is looking at new technologies to improve operational efficiencies in line with new programme launches.

Distribution costs of €376,000 (2019: €819,000) reduced by 54% due to the turnover reduction and a change in the customer mix. There has also been a focus on reducing avoidable freight costs.

Administration costs of €14,459,000 (2019: €15,845,000) reduced by €1,386,000, this is due to a focus on efficiencies and a cost reduction exercise in line with the reduced volumes.

The average headcount reduced to 483 (2019: 530) in response to the revenue reduction, staff costs reduced accordingly to €16,553,000 (2019 €19,091,000).

The current ratio improved to 86% (2019: 83%) due to a reduction in inventories and an increase in creditors. These movements were due to the disruption caused by COVID-19, causing short term delays in goods receipts and supplier payments.

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 2020 (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 could impact revenues due to the further potential for customer shutdowns, 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 in reducing 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 2020 (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 2020.

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 is discussed in the director's 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 company's 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: 7 September 2020

SMR Automotive Mirrors UK Limited

Directors' report for the year ended 31 March 2020

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2020.

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 €2,951,000 (2019: €4,843,000).

The directors do not recommend payment of a dividend (2019: €1.5 million).

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 had a detrimental impact on the business with operations being suspended from 23rd March 2020. The suspension was predominately driven by the closure of the majority of the company's customer base.

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 (where possible), PPE and temperature checking. Employees were asked to work 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 of at least 12 months from the date of approval of the financial statements. Further details of which can be found in the statement of accounting policies in the financial statements (note 3).

Post balance sheet events

Due to the impact of COVID-19, as mentioned above, manufacturing facilities remained closed until a partial restart, for non-UK resident customers, on April 20th. The majority of UK based customers returned during June 2020.

Since 31st March the company has continued to furlough its employees in line with the UK Governments job retention scheme. This grant has been used to mitigate against the loss of income caused by customer shutdowns.

After reviewing all available information the company has determined no impairments are required or reflected in the financial statements. The government's job retention scheme and other matters did not exist until after the balance sheet date and they are therefore non-adjusting.

Research and development

Research and development costs for the year ended 31 March 2020 totalled €2,579,000 (2019: €2,387,000). 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 mirrors system solutions, actively researching opportunities of advanced materials, technologies and processes for our future production components.

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Directors' report for the year ended 31 March 2020 (cont'd)

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.

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 quality awards which have been received during this financial year.

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.

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Directors' report for the year ended 31 March 2020 (cont'd)

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	
C Zawadzinski	resigned 30 July 2019
M E Flores	resigned 23 May 2019
S Gonzalez	appointed 23 May 2019
R Jain	appointed 30 July 2019

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.

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.

SMR Automotive Mirrors UK Limited

Directors' report for the year ended 31 March 2020 (cont'd)

Directors' confirmations

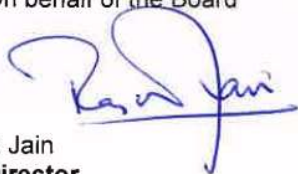
Each of the persons who are directors at the date of approval of this report confirms that:

- 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.

On behalf of the Board



R Jain

Director

Date: 7 September 2020

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 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 26, 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 2020 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.

Emphasis of matter: Effect of COVID-19

We draw attention to Note 3 and Note 26 of the financial statements, which describes the economic and operational consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

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.

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.

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' 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.

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.

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

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

Date: 07 SEPTEMBER 2020

SMR Automotive Mirrors UK Limited

Statement of comprehensive income for the year ended 31 March 2020

	Note	2020 €'000	2019 €'000
Turnover	5	125,497	139,004
Cost of sales		(109,479)	(120,286)
Gross profit		16,018	18,718
Distribution costs		(376)	(819)
Administrative expenses		(14,459)	(15,845)
Other operating income		1,691	2,481
Operating profit	6	2,874	4,535
Interest receivable and similar income	8	273	66
Interest payable and similar expenses	9	(391)	(275)
Profit before taxation		2,756	4,326
Tax on profit	10	195	517
Profit for the financial year		2,951	4,843
Total comprehensive income for the year		2,951	4,843

All amounts relate to continuing operations.

The notes on pages 14 to 27 are an integral part of these financial statements.

SMR Automotive Mirrors UK Limited

Statement of financial position as at 31 March 2020

	Note	2020 €'000	2019 €'000
Fixed assets			
Intangible assets	11	218	79
Tangible assets	12	7,470	6,853
		7,688	6,932
Current assets			
Inventories	13	4,290	4,968
Debtors – amounts falling due within one year	14	12,894	12,770
Debtors – amounts falling due after one year	14	8,381	8,215
Cash at bank and in hand		10,127	6,244
		35,692	32,197
Creditors – amounts falling due within one year	16	(31,665)	(28,976)
Net current assets		4,027	3,221
Total assets less current liabilities		11,715	10,153
Creditors – amounts falling due after more than one year	17	(30)	(1,236)
Provisions for liabilities	19	(431)	(614)
Net assets		11,254	8,303
Capital and reserves			
Called up share capital	21	-	-
Accumulated income		11,254	8,303
Total equity		11,254	8,303

The notes on pages 14 to 27 are an integral part of these financial statements.

The financial statements on pages 11 to 27 were approved by the Board of directors on 7 September 2020 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 2020

	Called up share capital €'000	Accumulated income €'000	Total equity €'000
Balance as at 1 April 2018	-	4,960	4,960
Profit for the financial year	-	4,843	4,843
Total comprehensive income for the year	-	4,843	4,843
Dividends paid	-	(1,500)	(1,500)
Balance as at 31 March 2019	-	8,303	8,303
Profit for the financial year	-	2,951	2,951
Balance as at 31 March 2020	-	11,254	11,254

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

The notes on pages 14 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 2020

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 2020 (cont'd)

3 Summary of significant accounting policies (cont'd)

Group financial statements

The company is exempt from the requirement to prepare and deliver consolidated financial statements under the provisions of Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking of Samvardhana Motherson Automotive Systems Group B.V., which is registered in The Netherlands and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 25. Accordingly consolidated financial statements have not been prepared and the financial information presented for the current year is for the company as an individual undertaking.

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 of at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to settle obligations as they fall due.

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 2020 (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.

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Notes to the financial statements for the year ended 31 March 2020 (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.

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 2020 (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 2020 (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.

	2020	2019
Turnover by destination	€'000	€'000
United Kingdom	78,045	93,726
Rest of Europe	40,784	41,167
North, Central and South America	6,668	4,111
	125,497	139,004

6 Operating profit

	2020	2019
	€'000	€'000
Operating profit is stated after charging/(crediting)		
Staff costs		
- wages and salaries	14,339	16,627
- social security costs	1,350	1,624
- other pension costs (note 22)	864	840
Total staff costs	16,553	19,091
Operating leases – hire of vehicles, plant and machinery	305	315
Operating lease rentals – land and buildings	1,583	2,145
Depreciation of owned assets – see note 12	1,168	1,196
Depreciation of leased assets – see note 12	43	16
Loss on disposal of tangibles assets	-	27
Research and development costs	2,579	2,387
Inventory recognised as an expense	95,748	108,682
Foreign exchange loss/(gain)	128	(7)
Auditors' remuneration - for audit services	74	82
Auditors remuneration – for audit services of other group companies	5	5
Auditors' remuneration - for non-audit services	19	9
Total audit fees	98	96

7 Directors and employees

	2020	2019
Directors' emoluments	€'000	€'000
Aggregate emoluments	46	196

	2020	2019
Highest paid director	€'000	€'000
Aggregate emoluments	46	196

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2020 (cont'd)

7 Directors and employees (cont'd)

Emoluments of one director (2019: one) were borne by the company as disclosed above. No other amounts have been paid or are owed at 31 March 2020 (2019: €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:

	2020	2019
Production staff	420	466
Distribution staff	28	34
Administrative staff	35	30
	483	530

8 Interest receivable and similar income

	2020 €'000	2019 €'000
Interest receivable from group undertakings	65	66
Other interest receivable	204	-
Bank interest receivable	4	-
	273	66

9 Interest payable and similar expenses

	2020 €'000	2019 €'000
Interest payable to group undertakings	114	-
Interest payable on other loans	276	258
Finance lease interest	1	17
	391	275

10 Tax on profit

	2020 €'000	2019 €'000
Current tax		
Corporation tax charge	-	-
Adjustment in respect of prior periods	-	(535)
Total current tax	-	(535)
Deferred tax		
Deferred tax	37	18
Adjustment in respect of prior periods	(232)	-
Total deferred tax	(195)	18
Total tax on profit	(195)	(517)

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2020 (cont'd)

10 Tax on profit (cont'd)

Reconciliation of tax charge

The tax assessed for the year is lower than (2019: lower) the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The differences are explained below:

	2020 €'000	2019 €'000
Profit before taxation	2,756	4,326
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	524	822
Effects of:		
Expenses not deductible/(income not taxable) for tax purposes	(140)	24
Adjustment in respect of prior periods	(232)	(535)
Group relief receivable	(384)	(846)
Recognition of deferred tax asset previously not recognised	37	18
Total credited for the year	(195)	(517)

Changes to the UK corporation tax rate were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). These 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. At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. Legislation will be introduced in Finance Bill 2020 to amend the main rate of Corporation Tax for all non-ring fence profits to 19% for financial year 2020. The Corporation Tax charge and the main rate will also be set at 19% for all non-ring fence profits for financial year 2021.

11 Intangible assets

	Computer software €'000	Total €'000
Cost		
At 1 April 2019	79	79
Additions	139	139
At 31 March 2020	218	218
Net book value		
At 31 March 2020	218	218
At 31 March 2019	79	79

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2020 (cont'd)

12 Tangible assets

	Land and buildings €'000	Plant and machinery €'000	Fixtures, fittings, tools & equipment €'000	Total €'000
Cost				
At 1 April 2019	1,998	16,815	7,536	26,349
Additions	-	1,747	89	1,836
Transfers between classes	90	(350)	260	-
Disposals	-	(8)	(9)	(17)
At 31 March 2020	2,088	18,204	7,876	28,168
Accumulated depreciation				
At 1 April 2019	627	11,778	7,091	19,496
Charge for the year	44	907	260	1,211
Disposals	-	-	(9)	(9)
At 31 March 2020	671	12,685	7,342	20,698
Net book value				
At 31 March 2020	1,417	5,519	534	7,470
At 31 March 2019	1,371	5,037	445	6,853

Fixtures, fittings, tools and equipment includes assets held under a finance lease €68,000 (2019: €21,000)

13 Inventories

	2020 €'000	2019 €'000
Raw materials	2,701	2,954
Work in progress	228	322
Finished goods and goods for resale	1,361	1,692
	4,290	4,968

Inventories are stated after provision for impairment of €257,000 (2019: €578,000)

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 2020 (cont'd)

14 Debtors

	2020 €'000	2019 €'000
Amounts falling due within one year		
Trade debtors	2,213	4,495
Amounts owed by group undertakings	8,067	5,706
Corporation tax	581	1,332
Other taxes and social security	127	-
Other debtors	253	-
Prepayments and accrued income	1,653	1,237
	12,894	12,770

Amounts owed by group undertakings includes a €7.9 million loan (2019: €5.7 million) which will mature on the 31 March 2021 and bears interest at a rate of 5.25% pa. All other amounts are unsecured, interest free and repayable on demand.

	2020 €'000	2019 €'000
Amounts falling due after more than one year		
Other debtors	8,381	8,215

15 Deferred tax

The deferred tax liability recognised consists of:

	2020 €'000	2019 €'000
Differences between accumulated depreciation and amortisation and capital allowances	(97)	(292)
Other timing differences	-	(210)
Total deferred tax recognised	(97)	(292)
		2020 €'000
Liability recognised at 1 April 2019		(292)
Amount credited to the statement of comprehensive income		195
Liability recognised at 31 March 2020		(97)

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2020 (cont'd)

16 Creditors – amounts falling due within one year

	2020 €'000	2019 €'000
Trade creditors	19,045	21,217
Amounts owed to group undertakings	8,549	4,541
Other taxes and social security	919	631
Obligations under finance leases	36	14
Other creditors	122	-
Accruals and deferred income	2,994	2,573
	31,665	28,976

Amounts owed to group undertakings includes a €2 million loan (2019: €nil) which bears interest at 5.00% per annum. The loan has matured.

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

17 Creditors – amounts falling due after more than one year

	2020 €'000	2019 €'000
Obligations under finance leases	30	7
Accruals and deferred income	-	1,229
	30	1,236

18 Other borrowings

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

Finance lease payments due	2020 €'000	2019 €'000
Within one year	36	14
Within two to five years	30	7
Total gross payments	66	21
Less finance charges	-	-
Carrying amount of the liability	66	21

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2020 (cont'd)

19 Provisions for liabilities

	Deferred tax €'000	Warranty €'000	Total €'000
At 1 April 2019	292	322	614
Amount (credited)/charged to other comprehensive income	(195)	434	239
Utilised during the year	-	(422)	(422)
At 31 March 2020	97	334	431

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	2020 €'000	2019 €'000
Within one year	246	331
Within two to five years	4,307	1,392
Over five years	12,653	6,974
	17,206	8,697

21 Called up share capital

Allotted and fully paid	2020 £	2019 £
2 Ordinary shares of £1 each (2019: 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 €864,000 (2019: €840,000). At the year end, other creditors/accruals included €115,599 (2019: €124,964).

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2020 (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	2020 €'000	2019 €'000
Sales	23	14
Purchases	65	18
Other operating income	135	-
Trade receivables	142	12
Trade payables	-	18

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

SMR Automotive Mirrors UK Limited

Notes to the financial statements for the year ended 31 March 2020 (cont'd)

26 Post balance sheet events

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 had a detrimental impact on the business with operations being suspended from 23rd March 2020. The suspension was predominately driven by the closure of the majority of the company's customer base.

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 included social distancing (where possible), PPE and temperature checking. Employees were asked to work from home where possible.

Due to the impact of COVID-19, as mentioned above, manufacturing facilities remained closed until a partial restart, for non-UK resident customers, on April 20th. The majority of UK based customers returned during June 2020.

Since 31st March the company has continued to furlough its employees in line with the UK Governments job retention scheme. This grant has been used to mitigate against the loss of income caused by customer shutdowns.

After reviewing all available information the company has determined no impairments are required or reflected in the financial statements. The government's job retention scheme and other matters did not exist until after the balance sheet date and they are therefore non-adjusting.