

Alliance Automotive UK LV Limited

Report and Financial Statements

31 December 2017



Company information

Directors

A S Brown
J J M Lafont
J F Coombes

Secretary

J F Coombes

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds LS11 5QR

Bankers

National Westminster Bank
Bradford Corporate Business Centre
1 Market Street
Bradford BD1 1EQ

Solicitors

Shakespeare Martineau LLP
No 1 Colmore Square
Birmingham B4 6AA

Registered Office

No 1 Colmore Square
Birmingham B4 6AA

Strategic report

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

Principal activity and review of the business

The principal activity of the company is that of wholesalers of parts and accessories to the motor trade.

During the year the trade and assets of 11 fellow subsidiaries were transferred into the company as follows; on 13 February 2017 AMC (North East) Limited, on 13 March 2017 Cargo Motor Factors Limited, on 3 April 2017 Southern Motor Factors Limited, on 6 May 2017 Auto Battery Services Limited, on 3 July 2017 Mill Auto Supplies Limited, on 15 July Tarnley Limited, on 4 September 2017 Kingswood Autopart Limited and Abbey Motor Factors Limited, on 18 September 2017 LDS Motor Factors Limited, on 1 November 2017 Dorset Auto Spares Limited and on 4 December 2017 Retford Motor Spares Limited. The trade and assets of a sole trader, GD Components, were acquired on 17 November 2017.

The directors remain optimistic in respect of the general market outlook and plan to continue a policy of stable growth through a combination of, the integration of acquired operations and, further organic growth of the underlying business. On this basis the directors expect the company to continue to trade satisfactorily for the foreseeable future.

On 2 November 2017, the group of which the company is a member, was acquired by the US based Genuine Parts Company. In order to align with the new US parent, the company implemented certain new accounting policies. Details are shown in note 3.

As shown in the Statement of Income and Retained Earnings on page 9 the company's turnover has increased 65.9% against the prior year largely because the company has been used to hive up and consolidate subsidiary businesses trading.

The Statement of Financial Position on page 10 of the financial statements shows that the company's financial position at the year-end, in terms of net assets, decreased from the prior year by £10,824 after dividends of £5,000,000 (2016 - £2,000,000).

Given the nature of the business and financial position, the directors do not believe that any further key performance indicators are necessary for an understanding of the position or performance of the entity.

After the statement of financial position date the trade and assets of 10 further fellow subsidiaries have been transferred into the company. See note 23 regarding post statement of financial position events.

Results and dividends

On 2 November 2017, the group of which the company is a member, was acquired by the US based Genuine Parts Company. In order to align with the new US parent, the company implemented certain accounting policies. Implementing the policies had a material impact on the current year results but a proportion related to prior periods therefore the prior periods have been restated. The restatement resulted in a £235,777 reduction in 2016 profit after tax.

The profit for the year after taxation amounted to £4,989,176 (2016 - as restated – profit of £4,090,325). The directors do not recommend a final dividend (2016 - £nil).

Interim dividends of £5,000,000, £1,250 - per equity share, were paid during the year (2016 - £2,000,000), and the retained loss for the year of £10,824 (2016 - as restated – retained profit £2,090,325) has been transferred to reserves.

Strategic report (continued)

Principal risks and uncertainties

Competitive pressure in the market is a continuing risk for the company, which could result in losing sales. The company manages this risk by forming and maintaining strong relationships with all customers and offering and justifying value added services. The company feels it is uniquely experienced to provide these due to its extensive knowledge of the market and the products within it.

The company is exposed to a level of trade credit. This is managed by pro-active credit control and regular review of amounts outstanding, driving best practice among the company and fellow subsidiaries at monthly review meetings. The company ensures that its exposure is constantly reviewed.

Going concern

The directors have carried out a review of the company's resources and assessed the challenges presented by the current economic climate. They consider the company to have sufficient cash resources to not require any additional external borrowings in the foreseeable future. As such they are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements.

Approved by the Board on 14 September 2018 and signed on its behalf by:



J F Coombes

Secretary

Registered No. 00998035

Directors' report

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

Directors

The directors who served the company during the year were as follows:

A S Brown
J J M Lafont
J F Coombes

Future developments

Future developments are commented in the Strategic Report on page 2.

Dividends

Dividends are detailed within the Strategic Report on page 2.

Political and charitable donations

The company made £2,480 charitable donations during the year (2016 - £1,958).

Environment

The company is committed to preventing and mitigating possible adverse effects upon the environment and people arising from its activities. The company seeks to minimise wherever possible the volume of waste it creates as a result of its activities by continually working with its principal suppliers to establish projects for recycling and remanufacturing of products.

Employee involvement

The company is an equal opportunities employer and seeks to encourage and promote all employees to maximise their potential in the company. The company gives full and fair consideration to all applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; continuing the employment of, and arranging training for employees who have become disabled persons while employed; and otherwise, for the training, career development and promotion of disabled persons.

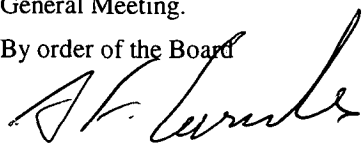
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



J F Coombes

Director

14 September 2018

Directors' Responsibilities Statement

The directors are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK LV LIMITED

Opinion

We have audited the financial statements of Alliance Automotive UK LV Limited for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK LV LIMITED (continued)

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 5, 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK
LV LIMITED (continued)**

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.

Eddie Diamond

Eddie Diamond (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds, UK

Date *19/9/18*

Statement of Income and Retained Earnings

for the year ended 31 December 2017

	Notes	2017 £	2016 – as restated £
Turnover			
– existing operations		74,818,350	53,642,138
– acquired operations		28,443,337	8,599,184
	6	103,261,687	62,241,322
Cost of sales		(57,574,297)	(35,241,239)
Gross profit		45,687,390	27,000,083
Administrative expenses		(39,073,493)	(21,568,861)
Operating profit			
– existing operations		4,504,370	4,819,082
– acquired operations		2,109,527	612,140
	7	6,613,897	5,431,222
Interest receivable and similar income		-	108
Interest payable and similar charges	9	(104,122)	(33,718)
Profit on ordinary activities before taxation		6,509,775	5,397,612
Tax on profit on ordinary activities	10	(1,520,599)	(1,307,287)
Profit for the financial year		4,989,176	4,090,325
Retained profit at 1 January 2017		4,463,772	2,882,708
Restatement	3	-	(509,261)
Dividend paid	11	(5,000,000)	(2,000,000)
Retained Profit at 31 December 2017		4,452,948	4,463,772

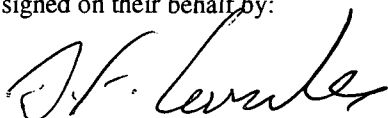
All amounts relate to continuing operations.

Statement of Financial Position

at 31 December 2017

	Notes	2017 £	2016 – as restated £
Fixed assets			
Intangible assets	12	454,966	885,290
Tangible assets	13	<u>6,752,692</u>	<u>3,163,729</u>
		7,207,658	4,049,019
Current assets			
Stocks	14	26,301,262	12,123,601
Debtors	15	25,269,910	11,779,655
Cash at bank and in hand		<u>3,744,901</u>	<u>3,280,850</u>
		55,316,073	27,184,106
Creditors: amounts falling due within one year	16	<u>(54,722,584)</u>	<u>(25,512,048)</u>
Net current assets		593,489	1,672,058
Total assets less current liabilities		7,801,147	5,721,077
Creditors: amounts falling due after more than one year	17	(1,685,303)	(650,489)
Provision for liabilities	19	<u>(1,658,896)</u>	<u>(602,816)</u>
Net assets		<u>4,456,948</u>	<u>4,467,772</u>
Capital and reserves			
Called up share capital	20	4,000	4,000
Profit and loss account		<u>4,452,948</u>	<u>4,463,772</u>
Shareholders' funds		<u>4,456,948</u>	<u>4,467,772</u>

These accounts were approved by the directors and authorised for issue on 14 September 2018, and are signed on their behalf by:



J F Coombes

Director

Registered No. 0998035

Notes to the financial statements

at 31 December 2017

1. Company information

Alliance Automotive UK LV Limited is a private company limited by shares incorporated in England with its principal place of business being Roydsdale House, Roydsdale Way, Bradford and registered office is No 1 Colmore Square, Birmingham B4 6AA. The company's registration number is 0998035.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis as specified in the accounting policies below.

The financial statements are presented in Sterling (£) which is also the functional currency of the Company.

The company is a qualifying entity for the purposes of applying the reduced disclosure framework. The company has taken advantage of the following disclosure exemptions:

- (a) The requirements of Section 7 Statement of Cash Flows meaning the company has not prepared a Statement of Cash flows;
- (b) The requirement of Section 33 Related Party Disclosures paragraph 33.7
- (c) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)

In addition, the company has taken advantage of the scope exemption in Section 33 Related Party Disclosures and not disclosed transactions entered into with other wholly-owned members of its group.

The company has notified its shareholder, who does not object to, the use of the disclosure exemptions.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements

Notes to the financial statements continued

at 31 December 2017

3. Restatement of earlier periods

On 2 November 2017, the group of which the company is a member, was acquired by the US based Genuine Parts Company. In order to align with the new US parent, the company implemented the following accounting policies:

- Implementation of a provision for credit notes to customers
- A provision for stock to be returned to suppliers arising from the issue of credit notes to customers.
- A provision for dilapidation costs potentially arising when the company vacates leased property.

Implementing the policies had a material impact on the current year results but a proportion related to prior periods therefore the prior periods have been restated as follows:

Impact on shareholders' funds (increase/(decrease) in shareholders' funds)

	31 December 2016 £	1 January 2016 £
Stocks	463,041	328,060
Debtors	(791,523)	(560,786)
Provision for liabilities	(416,556)	(276,535)
Net impact on shareholders' funds	<u>(745,038)</u>	<u>(509,261)</u>

Impact on statement of income and retained earnings

	31 December 2016 £
Turnover	(230,738)
Cost of sales	134,982
Administrative expenses	(198,965)
Tax on profit on ordinary activities	58,944
Profit for the financial year	<u>(235,777)</u>

Notes to the financial statements continued

at 31 December 2017

4. Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported as assets and liabilities and as income and expenditure. The nature of estimation means that actual outcomes could differ. The following estimates have had the most significant effect on the amounts reported in the financial statements.

Provision for credit notes

The provision for credit notes is based on the accounting policy described below. Management estimates that basing the provision on the credit note issued in the two week period following the balance sheet date is reasonable approximation of the level of credit notes that will be issued.

Provision for dilapidation costs

The provision for dilapidation costs is based on the accounting policy described below. During the life of a lease, it is difficult to assess what dilapidations costs will actually be incurred on vacating a property. Therefore management consider it prudent to provide for the maximum potential liability.

Provision for inventory

The provision for slow moving and obsolete stock is calculated based on age of the inventory. Different provision percentages are applied based on the age of the inventory. Management have used their judgements based on historical experience as to the appropriate percentages to apply.

5. Principal accounting policies

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses

Purchased goodwill is capitalised and amortised in equal annual amounts over a period of twenty years. The directors regard twenty years as a reasonable period for the estimated useful economic life of goodwill.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write down the cost of all tangible fixed assets, other than freehold land, over their expected useful lives. The applicable rates of depreciation are as follows:

Freehold buildings	-	2% straight line
Improvements to leasehold property	-	10% straight line
Motor vehicles, fixtures and equipment	-	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Debtors and Creditors

Short term debtors and creditors are measured at transaction price, less any impairment.

Provision for credit notes

The credit note provision is based on the credit notes issued in the two week period following the balance sheet date.

Notes to the financial statements continued

at 31 December 2017

5. Principal accounting policies (continued)

Provisions for dilapidations costs

The company provides for potential dilapidations costs arising from exiting a leased property. The maximum potential dilapidations liability is accrued for each individual property on a straight-line basis over the lives of the associated leases.

Leases

Assets held under finance leases are recognised initially at the fair value of the leased asset at the inception of the lease. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and are depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee benefits

The company contributes to a defined contribution pension scheme. Contributions are recognised as an expense in the period in which they are incurred.

6. Turnover

Turnover represents amounts derived from the provision of goods which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

Turnover is recognised upon the despatch of goods to customers.

Notes to the financial statements continued

at 31 December 2017

7. Operating Profit

This is stated after charging/ (crediting):

	2017 £	2016 £
Auditors' remuneration – company audit service	30,000	18,000
Depreciation of tangible fixed assets (owned)	881,560	413,343
Depreciation of tangible fixed assets (under finance leases)	396,841	307,270
Impairment of tangible fixed assets	318,637	-
Loss on disposal of fixed assets	24,626	49,738
Amortisation of goodwill	72,203	56,869
Impairment of goodwill	923,743	-
Operating lease rentals – plant and machinery	448,048	258,554
– land and buildings	2,427,265	1,394,084

8. Directors and employees

Staff costs during the year were as follows:

	2017 £	2016 £
Wages and salaries	20,863,054	12,950,876
Social security costs	1,869,255	1,090,785
Other pension costs	337,087	205,788
	<u>23,069,396</u>	<u>14,247,449</u>

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by an independent pension's provider. Pension payments recognised as an expense during the year amount to £337,087 (2016 - £205,788).

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

	No.	No.
Sales and distribution	1,016	635
Administration	74	30
	<u>1,090</u>	<u>665</u>

Remuneration in respect of directors was as follows:

	2017 £	2016 £
Remuneration	<u>110,000</u>	<u>60,000</u>

Notes to the financial statements continued

at 31 December 2017

9. Interest payable and similar charges

	2017	2016
	£	£
Interest payable on finance leases	104,122	33,718

10. Tax

The tax charge is based on the profit for the year and represents:

	2017	2016 - as restated
	£	£
UK Corporation Tax	1,556,893	1,264,666
Adjustments in respect of previous periods	(147,251)	63,705
Total current tax	1,409,642	1,328,371
Deferred taxation: origination and reversal of timing differences	79,990	(57,038)
Deferred taxation: adjustment in respect of previous year	12,392	31,743
Deferred taxation: changes in tax rates	18,575	4,211
Total deferred tax	110,957	(21,084)
Total tax	1,520,599	1,307,287

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 19.25% (2016 - 20.00%). The differences are explained below:

	2017	2016 - as restated
	£	£
Profit on ordinary activities before tax	6,509,775	5,397,612
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	1,252,941	1,079,523
Expenses not deductible for tax purposes	348,887	128,105
Non-qualifying depreciation	35,054	-
Difference in tax rates	18,575	4,211
Prior year adjustments	(134,858)	95,448
Total tax charge	1,520,599	1,307,287

Reductions in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) and 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. Accordingly, deferred tax has been calculated using a tax rate of 17%.

Notes to the financial statements continued

at 31 December 2017

11. Dividends

	2017	2016
	£	£
Dividends paid £1,250 per equity ordinary share (2016 - £500)	<u>5,000,000</u>	<u>2,000,000</u>

12. Intangible fixed assets

	<i>Goodwill</i>
	£
Cost:	
At 1 January 2017	1,054,647
Additions	454,966
Transfer from subsidiary	<u>110,656</u>
At 31 December 2017	<u>1,620,269</u>
Accumulated depreciation:	
At 1 January 2017	169,357
Charge for the year	72,203
Impairment	<u>923,743</u>
At 31 December 2017	<u>1,165,303</u>
Net book value:	
At 31 December 2017	<u>454,966</u>
At 1 January 2017	<u>885,290</u>

Additions to goodwill arose on the acquisition of the trade and net assets of GD Components, an unincorporated business, on 17 November 2017. Assets and liabilities acquired and consideration paid were as follows:

	Book and fair values
	£
Fixed assets	1,336
Stock	70,090
Debtors	116,955
Cash and Bank	(133,270)
Goodwill	<u>454,966</u>
Consideration	<u>510,077</u>

The transfer from a subsidiary reflects the goodwill arising in AMC (North East) Limited.

During the year a review of the carrying values of the company's assets was undertaken. Following the review an impairment charge of £923,743 was made.

Notes to the financial statements continued

at 31 December 2017

13. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Leasehold improvements</i>	<i>Motor vehicles, fixtures and equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2017	114,725	671,659	7,041,712	7,828,096
Additions	-	29,872	2,923,940	2,953,812
Acquisition	-	-	1,336	1,336
Disposals	-	-	(368,424)	(368,424)
Transferred from fellow subsidiary	-	98,143	2,283,126	2,381,269
At 31 December 2017	114,725	799,674	11,881,690	12,796,089
Accumulated depreciation:				
At 1 January 2017	15,107	358,074	4,291,186	4,664,367
Charge for the year	2,295	58,228	1,217,878	1,278,401
Impairment	-	7,982	310,655	318,637
Disposals	-	-	(218,008)	(218,008)
At 31 December 2017	17,402	424,284	5,601,711	6,043,397
Net book value:				
At 31 December 2017	97,323	375,390	6,279,979	6,752,692
At 1 January 2017	99,618	313,585	2,750,526	3,163,729

Motor vehicles with a carrying value of £1,750,932 (2016 - £1,281,541) are held under finance leases.

During the year a review of the company's tangible fixed assets was undertaken, to identify old and obsolete assets. Following the review an impairment charge of £318,637 was made.

14. Stocks

	<i>2017</i>	<i>2016 - as restated</i>
	£	£
Finished goods and goods for resale	26,301,262	12,123,601

Stock recognised in cost of sales during the year as an expense was £72,983,768 (2016 - as restated: £44,588,046).

An impairment credit of £1,877,428 (2016 - loss £138,670) was recognised in cost of sales against stock during the year due to reduction of (2016 - increase in) provision for slow moving and obsolete stock.

Notes to the financial statements continued

at 31 December 2017

15. Debtors

	2017	2016 - as restated
	£	£
Trade debtors	15,836,621	8,430,700
Amount due from parent undertaking	5,960	455,806
Amounts due from fellow subsidiaries	-	224,169
Deferred tax (note 19)	-	157,234
Prepayments and accrued income	9,427,329	2,511,746
	<u>25,269,910</u>	<u>11,779,655</u>

An impairment loss of £298,385 (2016 - £397,631) was recognised against trade debtors balance. Amounts owing from parent undertaking and fellow subsidiaries are non-interest bearing and payable on demand.

16. Creditors: amounts falling due within one year

	2017	2016 - as restated
	£	£
Trade creditors	19,242,191	10,609,475
Amount due to parent undertaking	11,387,362	724,046
Amount due to fellow subsidiary company	14,948,990	11,458,168
Bank loans and overdrafts	32,418	-
Net obligations under finance lease contracts (see note 18)	1,179,600	372,634
Corporation tax	1,510,196	253,868
Other taxes and social security costs	1,794,684	968,722
Accruals and deferred income	4,627,143	1,125,135
	<u>54,722,584</u>	<u>25,512,048</u>

Amounts payable to parent undertaking and fellow subsidiaries are non-interest bearing and payable on demand.

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

	2017	2016
	£	£
Bank loans and overdrafts	2,720	-
Net obligations under finance lease contracts (see note 18)	1,682,583	650,489
	<u>1,685,303</u>	<u>650,489</u>

Notes to the financial statements continued

at 31 December 2017

18. Obligations under finance leases

Net obligations under finance leases and hire purchase contracts

	2017	2016
	£	£
Amounts payable:		
Within one year	1,179,600	372,634
In two to five years	1,682,583	650,489
	<u>2,862,183</u>	<u>1,023,123</u>

19. Provision for liabilities

	2017	2016 – as restated
	£	£
Provision for dilapidations	1,433,736	602,816
Deferred taxation	225,160	-
	<u>1,658,896</u>	<u>602,816</u>

The movement in the provision for dilapidation costs is set out below:

	2017	2016 – as restated
	£	£
Provision at start of year	602,816	403,851
Charge to income statement in the year	830,920	198,965
Provision at end of year	<u>1,433,736</u>	<u>602,816</u>

Deferred taxation provided for at 17% (2016 - 20%) in the financial statements is set out below:

	2017	2016 – as restated
	£	£
Provision at start of year	(157,234)	(145,184)
Charge/(credit) to income statement in the year	98,565	(52,827)
Adjustment in respect of prior years	11,393	29,603
Movement arising from business acquisition	272,436	11,174
Provision at end of year	<u>225,160</u>	<u>(157,234)</u>
Accelerated capital allowances	225,160	29,026
Other	-	(186,260)
	<u>225,160</u>	<u>(157,234)</u>

Notes to the financial statements continued

at 31 December 2017

20. Called up share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	2017	<i>No.</i>	2016
		£		£
Ordinary shares of £1 each	4,000	<u>4,000</u>	4,000	<u>4,000</u>

21. Leasing commitments

At 31 December 2017 the company had total commitments under non-cancellable operating leases as set out below:

	2017		2016	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Within one year	2,675,826	189,410	1,531,856	126,356
In two to five years	7,457,941	165,571	4,227,266	162,045
Over five years	3,859,238	-	1,198,609	-
	<u>13,993,005</u>	<u>354,981</u>	<u>6,957,731</u>	<u>288,401</u>

22. Financial risk management

The company is exposed to a level of trade credit. This is managed by pro-active credit control and regular review of amounts outstanding, driving best practice among the company and fellow subsidiaries at monthly review meetings. The company ensures that its exposure is constantly reviewed.

23. Post statement of financial position

Since the year end, assets and liabilities of 10 further subsidiary companies with a total net asset value of £5.5 million were transferred to this company along with the related trade.

24. Ultimate parent undertaking and controlling party

The company is a majority indirectly owned subsidiary of Genuine Parts Company, a company incorporated in the USA, which heads the smallest group preparing financial statements. Copies of the group financial statements of Genuine Parts Company are available from 2999 Wildwood Parkway, Atlanta, GA 30339, USA. The company is a 100% subsidiary of Alliance Automotive UK Limited, the immediate parent undertaking.

The ultimate parent undertaking is Genuine Parts Company. In the opinion of the directors the company is ultimately controlled by Genuine Parts Company.

Notes to the financial statements continued

at 31 December 2017

25. Transfer from fellow subsidiary undertaking

On 13 February 2017, the trade and assets of AMC (North East) Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £142,074. The assets and liabilities transferred were:

	Book and fair values £
Goodwill	110,656
Fixed assets	35,998
Stock	202,635
Debtors	115,655
Cash and Bank	92,752
Creditors and accruals	(415,622)
Consideration	<u>142,074</u>

On 13 March 2017, the trade and assets of Cargo Motor Factors Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £35,421. The assets and liabilities transferred were:

	Book and fair values £
Stock	95,266
Debtors	116,846
Creditors and accruals	(176,691)
Consideration	<u>35,421</u>

On 3 April 2017, the trade and assets of Southern Motor Factors Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £756,772. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	86,197
Stock	733,226
Debtors	555,331
Creditors and accruals	(617,982)
Consideration	<u>756,772</u>

Notes to the financial statements continued

at 31 December 2017

25. Transfer from fellow subsidiary undertaking (continued)

On 6 May 2017, the trade and assets of Auto Battery Services Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £1,431,082. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	63,580
Stock	1,335,992
Debtors	2,017,607
Cash and Bank	265,897
Creditors and accruals	(2,251,994)
Consideration	<u>1,431,082</u>

On 3 July 2017, the trade and assets of Mill Auto Supplies Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £6,125,450. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	1,069,656
Stock	5,003,720
Debtors	5,725,086
Cash and Bank	1,309,095
Creditors and accruals	(6,982,107)
Consideration	<u>6,125,450</u>

On 15 July 2017, the trade and assets of Tarnley Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £506,825. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	223,608
Stock	358,074
Debtors	436,575
Cash and Bank	334,837
Creditors and accruals	(846,269)
Consideration	<u>506,825</u>

Notes to the financial statements continued

at 31 December 2017

25. Transfer from fellow subsidiary undertaking (continued)

On 4 September 2017, the trade and assets of Kingswood Autopart Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £441,665. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	8,735
Stock	204,753
Debtors	192,930
Cash and Bank	290,248
Creditors and accruals	(255,001)
Consideration	<u>441,665</u>

On 4 September 2017, the trade and assets of Abbey Motor Factors Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £149,270. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	18,203
Stock	97,160
Debtors	156,963
Cash and Bank	25,633
Creditors and accruals	(148,689)
Consideration	<u>149,270</u>

On 18 September 2017, the trade and assets of LDS Motor Factors Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £502,430. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	153,769
Stock	907,394
Debtors	906,008
Cash and Bank	806,159
Creditors and accruals	(2,270,900)
Consideration	<u>502,430</u>

Notes to the financial statements continued

at 31 December 2017

25. Transfer from fellow subsidiary undertaking (continued)

On 1 November 2017, the trade and assets of Dorset Auto Spares Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £2,400,829. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	695,619
Stock	2,197,696
Debtors	3,950,836
Cash and Bank	86,649
Creditors and accruals	(4,529,971)
Consideration	<u>2,400,829</u>

On 4 December 2017, the trade and assets of Retford Motor Spares Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £159,640. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	25,903
Stock	69,120
Debtors	104,150
Cash and Bank	172,179
Creditors and accruals	(211,712)
Consideration	<u>159,640</u>