

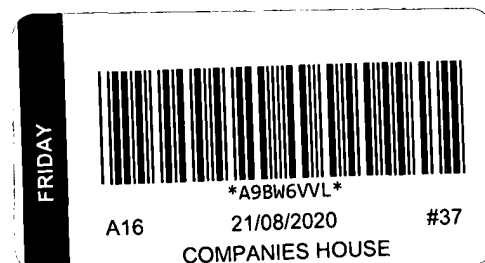
Company Registration No: 02568507

UK Assistance Accident Repair Centres Limited

Annual Report and Financial Statements

31 December 2019

Direct Line Group Company Secretariat
Churchill Court
Westmoreland Road
Bromley
BR1 1DP



Annual report and financial statements**Contents**

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Officers and professional advisers

Directors:

C Bradley
J Burrows
S Maddock
P Nightingale
H C O' Murchu

Company Secretary:

R C Clifton

Registered office:

Churchill Court
Westmoreland Road
Bromley
BR1 1DP

Independent Auditor:

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR
United Kingdom

Company registration

Registered in England and Wales

Strategic report

For the year ended 31 December 2019

The Directors present their Strategic report for the year ended 31 December 2019.

Activities and business review

Activity

The principal activity of UK Assistance Accident Repair Centres Limited (the "Company") continues to be the provision of motor vehicle repair services to a general insurance company owned by Direct Line Insurance Group plc ("DLIG").

The Company is a member of the Direct Line Group (the "Group") headed by DLIG of which the Company is a subsidiary.

The Group provides the Company with access to Group central resources and provides policies in all key areas such as finance, risk, human resources and environmental matters. Key performance indicators across the Group taken as a whole are referred to in the DLIG annual report and accounts ("DLIG annual report") and accordingly, for an understanding of the development, performance or position of the Company's business, please refer to the DLIG annual report alongside the Review of the year section below. Copies can be obtained from Direct Line Group Company Secretariat, Churchill Court, Westmoreland Road, Bromley, BR1 1DP, the Registrar of Companies or through the Group's website at www.directlinegroup.co.uk.

Review of the year

Business review

The Directors are satisfied with the Company's performance during the year. The Company may take into account proposals provided from within the Group in seeking further opportunities for growth.

Key performance indicators

Revenue from contracts with customers (£m)

Definition - This comprises motor vehicle repair services provided to the Group and other third-party customers. Revenue is recognised upon completion of the repair using market rates for services and materials.	2019:	218.9
Aim - We aim to maximise the Company's total revenue within the context of its operations within the Group.	2018:	197.7

Operating profit (£m)

Definition - The excess of income after all operating costs and expenses, excluding finance costs and interest received on loans to Group undertakings, have been taken into account.	2019:	64.9
Aim - We aim for the Company to be profitable within the context of its operations within the Group.	2018 restated:	55.1

Financial performance

The Company's financial performance is presented in the statement of comprehensive income on page 9.

Revenue from contracts with customers for the year ended 31 December 2019 increased by £21.2 million to £218.9 million (2018: £197.7 million), mainly as a result of a increased repair volumes arising from more efficient use of repair capacity and the acquisition of a new repair centre. Cost of sales increased by £11.9 million to £128.5 million (2018: £116.6 million) as a direct result of the increased repair volumes and administration expenses decreased slightly to £25.6 million (2018 restated: £25.9 million). Total comprehensive income for the year was £53.2 million (2018 restated: £45.0 million).

An interim dividend of £43.0 million was paid during the year ended 31 December 2019 (2018: £33.0 million). The Directors do not recommend the payment of a final dividend (2018: £nil).

At the end of the year, the balance sheet reflected total assets of £117.3 million (2018 restated: £101.1 million) and equity of £71.9 million (2018 restated: £61.7 million).

Principal risks and uncertainties

The management of the Group's risks, including those of the Company, are monitored at Group level, set out in the Risk Management section in the DLIG annual report. The Directors consider that there is minimal level of financial risk associated with the Company's assets and liabilities due to the nature of the Company's activities.

Strategic report

For the year ended 31 December 2019

Credit risk

This is the risk of loss from unexpected default or deterioration in the credit standing of the counterparties and debtors of the Company's undertakings. It is monitored by the Group's Credit Risk Forum. The main responsibility of this forum is to ensure that all material aspects of counterparty risk within the Group are identified, monitored and measured. The Company is mainly exposed to counterparty default risk relating to receivables for repair services which is not material at a Group level.

Operational risk

This is the risk of loss due to inadequate or failed internal processes, people, systems or from external events. Material sources of operational risk for the Company include:

- *Change risk*
This is the risk of failing to manage the Company's change portfolio resulting in conflicting priorities and failure to deliver strategic outcomes to time, cost or quality.
- *Technology and infrastructure risk*
This is the risk that the IT infrastructure is insufficient to deliver the Company's strategy.
- *Outsourcing risk*
This is the risk of failing to implement a robust framework for the sourcing, appointment and ongoing contract management of third party suppliers, outsourced service providers and intragroup relationships.
- *Operational Resilience risk*
This is the risk of the inability to effectively absorb and/or adapt to internal or external occurrences that could disrupt business operations.

The Company has in place agreed policies and standards to establish and monitor key controls relating to operational risk.

Liquidity risk

This is the risk of being unable to access cash from the sale of investments or other assets in order to settle financial obligations as they fall due.

The Company has limited exposure to liquidity risk as it has access to Group funding which is constantly being monitored to ensure borrowing limits and funding requirements are at levels appropriate for the Company to operate.

Coronavirus (COVID-19)

The Group is closely monitoring developments in connection with the spread of COVID-19, including guidance and directions provided by HM Government and public health advisers. Like all businesses, the Company is subject to the consequences of disruption to financial markets, supply chains and its general operations, which over time could impact the performance of the Company. The further implications of the COVID-19 pandemic are uncertain and the Company monitors the situation on an ongoing basis.

Potential effect of Brexit

The Company prepared for the possibility of a disruptive Brexit. The UK left the EU on 31 January 2020 and little practical change to existing arrangements is expected during the implementation period through to the end of 2020. The terms, if any, of any future trading relationship between the UK and the EU and between the UK and other key countries, are not yet known and there remains uncertainty and the possibility of disruption, particularly at the end of the implementation period. Although the Company is predominantly a UK business, it does, for example, have exposure to financial markets and imports goods and services to fulfil insurance claims. The Group has been monitoring events carefully and has proactively taken steps to mitigate the likely impact on the Group and the Company to the extent it is considered appropriate and proportionate to do so, given the considerable uncertainties; however, in the event of a disruptive end to the implementation period the Company will not be immune.

Presentation of financial statements

The primary financial statements are presented in accordance with Company law requirements for insurance entities. In addition, the Company has taken advantage of several disclosure exemptions available under FRS 101 'Reduced Disclosure Framework' ("FRS 101").

Strategic report

For the year ended 31 December 2019

Section 172(1) Statement and engagement with stakeholders

The Group is a leading motor, home and commercial insurer which depends on the trust and confidence of its stakeholders to operate sustainably in the long term. It seeks to put its customers' best interests first, invests in its employees, supports the communities in which it operates and strives to generate sustainable profits for shareholders.

The Directors of the Company have acted in accordance with their duties codified in law, in particular their duty to act in the way in which they consider, 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 section 172(1) of the Companies Act 2006.

The Directors of the Company are members of the Group's senior management population, which supports the Group's Chief Executive Officer in managing the Group's operations and implementing the Group's strategy, including its approach to sustainability. The Group's vision, purpose and values and the five-pillar sustainability strategy, which includes engagement with the community and protection of the environment, are set out in the Strategic Report of DLIC for the year ended 31 December 2019 on pages 20, 21 and 59 to 73. The Group's governance framework, which is consistent with the 2018 UK Corporate Governance Code, applied to the Company during the year. Further information on the Company's governance arrangements can be found in the Directors' Report on 6. The Company relies on resources made available by the Group including staff and suppliers who are respectively employed and contracted by a fellow subsidiary undertaking, DL Insurance Services Limited. Disclosures relating to employees, suppliers, customers and others may be found in the annual report and financial statements of DL Insurance Services Limited and DLIC for the year ended 31 December 2019.

Examples of how the Group has engaged with its stakeholders and had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year are detailed in DLIC's annual report and financial statements, for the year ended 31 December 2019 on page 68 and 88 to 89. The Company operates the Group's motor vehicle repair centres. An example of the matters considered by the Directors during the year, in discharging their duty under section 172 of the Companies Act 2006, was their monitoring of the energy efficiency of the Company's accident repair centres.

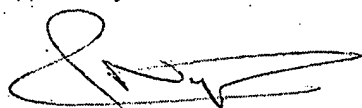
The Directors consider the likely consequences of any decision in the long-term. Each company within the Group is bound by Group policies consistent with the Group's culture in all key areas including supplier management and outsourcing, customer conduct, human resources and the environment. Group policies and minimum standards applied by the Company during the financial year included, for example, the group accounting minimum standard to which the Directors adhered before approving the Company's financial statements.

The Directors and management operate the business in a responsible manner with the aim of ensuring that the Company maintains a reputation for high standards of business conduct and good governance. Each year, the Directors of DLIC review the Group's Code of Business Conduct which embodies the Group's culture, purpose and values. The Code of Business Conduct provides guidance to the Group's employees and contractors on the high standards of professional and ethical conduct expected of them and aims to preserve the Group's and the Company's reputation for high standards of conduct. Information on the Group's Ethical Code for Suppliers can be found in the DLIC's annual report and financial statements for the year ended 31 December 2019 on page 67. The Company's statement on Modern Slavery can be found on the Group's corporate website.

Outlook

High level strategies of the Company are determined by the DLIC Board and are shown in the DLIC Annual Report and Accounts 2019. The Directors consider that the Company's principal activities will continue unchanged for the foreseeable future. For this purpose the foreseeable future is taken to mean a period of at least twelve months from the date of signing of these financial statements.

Approved by the Board of Directors on 4 May 2020 and signed on its behalf by:



P Nightingale

Director

Directors' report

For the year ended 31 December 2019

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2019.

The Company has chosen, in accordance with section 414c(11) of the Companies Act 2006 and as noted in the Directors' report, to include certain additional matters in its Strategic report that would otherwise be required to be disclosed in this Directors' report. These are as follows:

- details of dividends declared;
- a summary of company's trading activities;
- future prospects;
- principal activities of the Company; and
- risk management of financial instruments disclosures.

Directors and Secretary

The present Directors and Company Secretary are listed on page 1.

From 1 January 2019 to date, the following change has taken place:

Directors	Resigned
S R Forrester	1 August 2019

Impact of COVID-19 on the Company

The Group and the Company's priority is to seek to act in the best interest of the Company whilst having due regard to its stakeholders. The Company is taking measures with the objectives of maintaining operational resilience, maintaining the wellbeing of its staff (who are employed by a fellow subsidiary company, DL Insurance Services Limited), communicating with its customers and suppliers, maintaining liquidity and accessing working capital, and protecting its financial position. The Company will continue to monitor COVID-19 developments over what may be an extended period of uncertainty and aims to ensure that its customers are receiving the best service reasonably possible during this period.

The Company has a good capital position, has continued to operate during the outbreak of COVID-19 and continues to review and update contingency plans as appropriate on a regular basis. The Company provides motor vehicle repair services to a fellow Group subsidiary and the impact of the COVID-19 pandemic is expected to result primarily in lower repair volumes as there are expected to be fewer cars on the road for a period of time. As stated above in the Activities and business review, the Company has access to central resources provided by the Group should these be so required. The Group made an announcement on 8 April 2020 which included announcing that the holding company, Direct Line Insurance Group plc, was withdrawing its final dividend and continued to maintain strong solvency. The Group continues to keep its solvency and liquidity position under review and has identified a series of potential scenarios and mitigating actions as part of its assessment of the impact of COVID-19 on the Group's ability to continue to operate, which impact is not expected to result in any change to the going concern statement made in the Group's 2019 preliminary results, announced on 3 March 2020. At the date of signing this report, however, it is not possible to give with certainty an estimate of the impact that the pandemic could have on the financial position of the Company due to the uncertainties inherent in such a situation, as the further implications of the pandemic are not yet clear.

Going concern

Having made due enquiries, the Directors reasonably expect that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Accordingly, the Directors have adopted the going concern basis for the foreseeable future in preparing the financial statements.

Employees

All staff are employed by a fellow subsidiary undertaking of DLIG, DL Insurance Services Limited ("DLIS"). Disclosures relating to employees can be found in the annual report and financial statements of DL Insurance Services Limited.

Disclosure of information to the Auditor

Each person who was a Director of the Company on the date of approval of this report confirms that:

- so far as each Director is aware there is no relevant audit information, being information needed by auditors in connection with preparing their report, of which the Company's Auditor is unaware; and
- each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' report

For the year ended 31 December 2019

Auditor

Deloitte LLP has expressed its willingness to continue in office as Auditor and it is the intention of the Directors to reappoint Deloitte LLP under the deemed appointment rules of section 487 of the Companies Act 2006.

Business Relationships

Examples of how the Directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year can be found in the section 172(1) statement on page 4.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework', 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 at the end of the year and the profit or loss of the Company for the financial year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom standards, comprising FRS 101 have been followed subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, the Company's financial position at any time; and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the Company's assets and, hence, taking reasonable steps to prevent and detect fraud and other irregularities.

Approved by the Board of Directors on 4 May 2020 and signed on its behalf by:



P Nightingale

Director

Independent Auditor's report to the members of UK Assistance Accident Repair Centres Limited

For the year ended 31 December 2019

Report on the audit of the financial statements**Opinion**

In our opinion the financial statements UK Assistance Accident Repair Centres Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent Auditor's report to the members of UK Assistance Accident Repair Centres Limited

For the year ended 31 December 2019

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements**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 the Directors' report have been prepared in accordance with applicable legal requirements:

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 any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

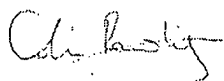
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



Colin Rawlings FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 May 2020

Statement of comprehensive income

For the year ended 31 December 2019

	Notes	2019 £'000	2018 ¹ restated £'000
Revenue from contracts with customers	2	218,897	197,669
Cost of sales		(128,485)	(116,595)
Gross profit		90,412	81,074
Administration expenses	3	(25,598)	(25,948)
Other operating income	4	52	-
Operating profit		64,866	55,126
Interest received on loans to Group undertakings		981	505
Finance costs		(166)	(174)
Profit before tax		65,681	55,457
Tax charge	5	(12,512)	(10,442)
Profit and total comprehensive income for the year²		53,169	45,015

Notes:

1. Results for the year ended 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.
2. There was no other comprehensive income in the year ended 31 December 2019 and the year ended 31 December 2018.

The total comprehensive income for the year is entirely attributable to the owners of the Company.

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Balance sheet

As at 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 ¹ restated £'000	1 January 2018 ¹ restated £'000
Assets				
Goodwill	7	3,228	1,678	1,319
Property, plant and equipment	8	15,028	13,995	11,567
Right-of-use assets	9	5,970	4,249	3,813
Inventories	10	1,612	1,686	1,799
Trade and other receivables	11	91,173	77,672	64,835
Prepayments		243	856	50
Cash and cash equivalents		52	919	465
Total assets		117,306	101,055	83,848
Equity				
		71,852	61,683	49,668
Liabilities				
Trade and other payables	12	26,635	24,071	21,110
Lease liabilities		6,237	4,731	4,365
Deferred tax	5	156	65	112
Current tax	5	12,426	10,505	8,593
Total liabilities		45,454	39,372	34,180
Total equity and liabilities		117,306	101,055	83,848

Note:

1. Balance sheets as at 1 January 2018 and 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.

The Company has 2 issued and fully paid £1 ordinary shares.

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Approved by the Board of Directors on 4 May 2020 and signed on its behalf by:



P Nightingale

Director

Statement of changes in equity

For the year ended 31 December 2019

	Note	Equity £'000
Balance at 1 January 2018		50,241
First application of IFRS 16		(573)
Balance at 1 January 2018¹ (restated)		49,668
Profit and total comprehensive income for the year		45,015
Dividends paid	6	(33,000)
Balance at 31 December 2018¹ (restated)		61,683
Profit and total comprehensive income for the year		53,169
Dividends paid	6	(43,000)
Balance at 31 December 2019		71,852

Note:

- Results for the year ended 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

1.1 Basis of Preparation

The Company's financial statements are prepared in accordance with Financial Reporting Standard FRS 101 'Reduced Disclosure Framework' ("FRS 101"). The financial statements are prepared on a historical cost basis.

The Company is incorporated and domiciled in the UK and registered in England and Wales. The Company is limited by shares.

The Company's financial statements are presented in sterling which is the functional and presentational currency of the Company.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of EU-adopted International Financial reporting Standards ("IFRS") but makes amendments where necessary to comply with Companies Act 2006, and to take advantage of the following disclosure exemptions available under FRS 101:

- FRS 101.8 (d): the requirements of IFRS 7 'Financial Instruments: Disclosures' to make disclosures about financial instruments;
- FRS 101.8 (eA): the requirements of the second sentence of paragraph 110 and paragraphs 113 (a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers';
- FRS 101.8 (eB): the requirements of paragraph 52, paragraph 58, the second sentence of paragraph 89 and paragraphs 90 to 91 of IFRS 16 'Leases';
- FRS 101.8 (g): the requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 111, and 134 to 136 of IAS 1 'Presentation of Financial Statements' to produce a cash flow statement and to make an explicit and unreserved statement of compliance with IFRSs, additional comparative information and capital management information;
- FRS 101.8 (h): the requirements of IAS 7 'Statements of Cash Flows' to produce a cash flow statement and related notes;
- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to include a list of new IFRSs that have been issued but that have yet to be applied; and
- FRS 101.8 (k): the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member.

The Company has considerable financial resources and as a consequence, the Directors believe the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 2 to 4 and the Directors' report on pages 5 and 6.

Adoption of new and revised standards

The Company has adopted the following new standards and amendments to IFRSs and the International Accounting Standards ("IAS") that became mandatorily effective for the Company for the first time during 2019. Only IFRS 16 'Leases' had a significant impact, as described below. The transitional impact on the primary statements is presented in note 15.

The Company has adopted IFRS 16 for the first time in 2019. IFRS 16 replaces IAS 17 'Leases' and sets out the principles for recognition, measurement and disclosure of lease arrangements entered into by the Company. For all contractual arrangements where the Company is a lessee, it is required to account for these leases under a single on-balance sheet model with exemptions available for low value and short-term leases. The Company recognises a lease liability measured at the present value of future lease payments from the commencement of all lease arrangements which were previously classified as 'operating leases' under IAS 17, except low value and short-term leases. A further assessment was performed to ensure all leases had been recognised. These lease payments are discounted using the incremental borrowing rate applicable at the commencement of the lease. A corresponding right-of-use asset is recognised on the balance sheet. Lease payments are allocated between the liability and finance cost, and the right-of-use asset is depreciated on a straight-line basis over the lease term. Please refer to note 18 for IFRS 16 accounting policies.

IFRS 16 has been adopted on a fully retrospective basis and therefore, in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', prior periods have been restated. The opening equity and prior period impact of IFRS 16 on the primary financial statements are presented in note 15 of the financial statements.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies continued

In September 2019, the 'IASB issued Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7'. These amendments allow continued application of hedge accounting during the period of uncertainty before hedge arrangements affected by the current interest rate benchmarks are amended as a result of the on going interest rate benchmark reforms. Although these amendments are not effective until 2020, and are not expected to impact the Company, it has chosen to early apply the amendments to IFRS 9/IAS 39 for the reporting period ending 31 December 2019, in line with the wider Group.

A number of further narrow scope amendments which become effective for the Company but do not have an impact on existing accounting policies, are as follows:

Amendments to IAS 28: 'Long-term Interests in Associates and Joint Ventures' clarifies that an entity applies IFRS 9 to long-term interests in associates or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

IFRIC 23 'Uncertainty over Income Tax Treatments' provides interpretation when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

Amendments to IAS 19 'Employee Benefits: Plan Amendment, Curtailment or Settlement' clarify the accounting when a pension plan amendment, curtailment or settlement occurs.

'Annual Improvements to IFRS Standards 2015-2017 Cycle' includes the following three amendments:

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' – the amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business; the amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business;
- IAS 12 'Income Taxes' – the amendments clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises; and
- IAS 23 'Borrowing Costs' – the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

1.2 Revenue recognition

Revenue from contracts with customers

The Company's revenue comprises motor vehicle repair services provided to Group undertakings as well as other third party customers. Revenue in respect of repairs to vehicles is recognised upon completion of the repair obligation, at a point in time. The price is determined using market rates for the services and materials used after discounts and sales taxes have been deducted where applicable.

At each reporting date, the Company assesses whether a contract asset has arisen. A contract asset arises where the Company performs work that has yet to be invoiced. As the Company's revenue mainly comprises of repairs to motor vehicles which are invoiced as soon as the repairs are complete, any contract asset arising will not be material for the Company.

Interest received

Interest received on financial assets is determined using the effective interest rate method. The effective interest rate method is a way of calculating the amortised cost of a financial asset (or group of financial assets) and of allocating the interest income over the expected life of the asset.

Interest received relates to interest income received from loans to other Group undertakings.

1.3 Taxation

The tax charge or credit represents the sum of the tax currently payable or receivable and deferred tax.

The current tax charge is based on the taxable profits for the year as determined in accordance with the relevant tax legislation, after any adjustments in respect of prior years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Provision for taxation is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate.

Deferred taxation is accounted for in full using the balance sheet liability method on all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies continued

Deferred tax liabilities are generally recognised for all taxable temporary timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is probable that they will not be recovered.

Deferred tax assets and liabilities are calculated at the tax rates expected to apply when the assets are realised or liabilities are settled based on laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current assets and liabilities on a net basis.

1.4 Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on ordinary shares are recognised when they have been approved at the Board meeting.

1.5 Goodwill

Acquired goodwill, being the excess of the cost of an acquisition over the Company's interest in the fair value of the net assets acquired, is initially recognised at cost and subsequently at cost less any accumulated impairment losses.

1.6 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately.

Depreciation is charged to the statement of comprehensive income on a straight-line basis so as to write off the depreciable amount of property, plant and equipment over their estimated useful lives. The depreciable amount is the cost of an asset less its residual value. Land is not depreciated. Estimated useful lives are as follows:

Freehold and leasehold buildings	50 years or the period of the lease if shorter
Vehicles	Up to 3 years
Computer equipment	Up to 5 Years
Other equipment, including property adaptation costs	2 to 15 years

The gain or loss arising from the derecognition of an item of property, plant and equipment, is determined as the difference between the disposal proceeds, if any, and the carrying amount of the item.

1.7 Impairment of goodwill and property, plant and equipment

At each reporting date, the Company assesses whether there is any indication that its goodwill or property, plant and equipment are impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and the impairment loss, if any.

If an asset does not generate cash flows that are independent of those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of an asset is the higher of its fair value, less costs to sell, and its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit, discounted at a rate that reflects market interest rates, adjusted for risks specific to the asset or cash-generating unit that have not been reflected in the estimation of future cash flows.

If the recoverable amount of an asset is less than its carrying value, an impairment loss is recognised immediately in the statement of comprehensive income and the carrying value of the asset is reduced by the amount of the impairment loss.

A reversal of an impairment loss on property, plant and equipment is recognised as it arises provided the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies continued

1.8 Right-of-use assets and lease liabilities

At inception, the Company assesses whether a contract contains a lease arrangement which involves assessing whether it obtains substantially all the economic benefits from the use of a specific asset, and it has the right to direct the use of that asset. The Company recognises a right-of-use asset and a lease liability at the commencement of the lease (when the underlying asset is available for use), except for short-term leases of 12 months or less and low value leases which are expensed on a straight-line basis in the income statement. The right-of-use asset is initially measured based on the present value of the lease payments, plus initial direct costs less any incentives received. Lease payments include fixed payments and variable payments as required. The right-of-use asset is depreciated over the lease term and is subject to impairment testing if there is an indicator of impairment. When leases contain an extension or purchase option which is reasonably expected to be exercised this is included in the measurement of the lease.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date unless the interest rate implicit in the lease is readily determinable. The incremental borrowing rate is determined based on available risk-free market yield to maturity pricing linked to the lease amount and term, and includes a credit spread. The lease liability is subsequently measured at amortised cost using the effective interest rate method and remeasured, with a corresponding adjustment to the right-of-use asset when there is a change in future lease payments, terms or reassessment of options.

Leases held by the company relate mainly to its vehicle repair centres, and motor vehicles it uses to provide recovery and replacement services.

Where the Company is a lessor:

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

The Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset and where this is the case the lease is a finance lease. The Company recognises a lease receivable in respect of these arrangements and recognises finance income on the net investment in the lease over the lease term using the effective rate of interest.

1.9 Financial assets

The Company only holds assets that are classified as held at amortised cost which are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

At each balance sheet date, the Company assesses, on a forward-looking basis, whether there is any objective evidence that an impairment loss on a financial asset or group of financial assets classified as held at amortised cost is expected. The Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets including an allowance for expected losses at initial recognition, and the present value of estimate future cash flows from the asset or group of assets, discounted at the effective interest rate of the instrument at initial recognition. The expected loss allowance for financial assets is based on assumptions about risk of default and expected loss rates.

The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the credit quality and history of the financial asset or group of financial assets, as well existing market conditions and forward-looking expectations.

The Company applies the simplified impairment approach to its trade receivables, grouping receivables into categories with shared credit risk characteristics and estimating expected future loss rates based on historical experience.

Impairment losses, including the expected credit allowance, are recognised in the income statement and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for the impairment losses. If in a subsequent period the amount of the expected impairment allowance reduces and this can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

1.10 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and demand deposits with banks together with short-term highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

1.11 Inventories

Inventories comprise work in progress, including labour, parts, paint and consumable materials used in the repair of vehicles. They are stated at the lower of cost and net realisable value less provisions for obsolete and slow-moving items. Cost is based on the first-in first-out principle.

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies continued*1.12 Financial liabilities*

Financial liabilities are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

2. Revenue from contracts with customers

	2019 £'000	2018 £'000
Revenue from vehicle repairs	218,897	197,669

3. Administration expenses

	2019 £'000	2018 ¹ restated £'000
Marketing and administrative expenses	23,159	23,677
Depreciation	2,423	2,255
Auditor's remuneration	16	16
Total	25,598	25,948

Note:

1. Results for the year ended 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.

Management charges

DLIS, a fellow subsidiary, charges the Company on a monthly basis for use of IT, staff costs and other central resources.

Staff costs, number of employees and Directors' emoluments

All staff and Directors were employed by DLIS, the financial statements for which contain full disclosure of employee benefit expenses incurred in the period including pensions. The Company has no employees and pays a management charge for services provided by other Group companies.

The services provided by the Directors of the Company are non-executive in nature and it is not appropriate to allocate their emoluments in respect of services to the Company.

Auditor's remuneration

Fees for audit and non-audit services, included within marketing and administrative expenses, are initially borne and subsequently recharged by a related party, DLIS.

Fees payable to Deloitte LLP for the audit of the Company's annual accounts amount to £16,160 (2018: £15,759).

4. Other operating income

	2019 £'000	2018 £'000
Interest income receivable on finance leases	14	-
Amounts received in respect of finance leases	38	-
Total	52	-

Notes to the financial statements

For the year ended 31 December 2019

5. Taxation

	2019 £'000	2018 ¹ restated £'000
Current taxation:		
Charge for the year	12,427	10,505
Over provision in respect of prior-year	(6)	(16)
	12,421	10,489
Deferred taxation:		
Charge for the year	99	68
Over provision in respect of prior-year	(8)	(115)
	91	(47)
Tax charge for the year	12,512	10,442

Note:

- Results for the year ended 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.

The actual income tax charge differs from the expected income tax charge computed by applying the standard rate of UK corporation tax of 19%² (2018: 19%) as follows:

	2019 £'000	2018 ¹ restated £'000
Profit for the year	65,681	55,457
Expected tax charge	12,479	10,537
Disallowable expenses	55	43
Effect of change in UK taxation rate	(8)	(7)
Adjustments in respect of prior-year	(14)	(131)
Actual tax charge for the year	12,512	10,442

Notes:

- Results for the year ended 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.
- On 11 March 2020 the Chancellor announced that the rate of UK corporation tax would remain at 19% from 1 April 2020 (rather than reducing to 17% as previously enacted). This change became substantively enacted on 17 March 2020 and therefore the effect of the rate change would create an increase in the deferred tax asset of approximately £19,000. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

	2019 £'000	2018 ¹ restated £'000
Per balance sheet:		
Deferred tax liabilities	156	65
Current tax liabilities	12,426	10,505

Note

- Results for the year ended 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.

Notes to the financial statements

For the year ended 31 December 2019

5. Taxation continued

The table below analyses deferred tax liabilities recognised by the Company, and the movements thereon.

	Other temporary differences £'000	Accelerated capital allowances £'000	Total ¹ £'000
At 1 January 2018¹ (restated)	(125)	237	112
Charge to income	11	(58)	(47)
At 31 December 2018¹ (restated)	(114)	179	65
Credit to income	31	60	91
At 31 December 2019	(83)	239	156

Note:

1. Results for the year ended 31 December 2018 have been restated to reflect the fully retrospective adoption of IFRS 16 'Leases', see note 15.

6. Dividends

	2019 £'000	2018 £'000
Interim dividend of £21,500,000 per share paid on 25 July 2019	43,000	–
Interim dividend of £16,500,000 per share paid on 16 August 2018	–	33,000
	43,000	33,000

7. Goodwill

	2019 £'000	2018 £'000
At 1 January	1,678	1,319
Arising on acquisition ¹	1,550	359
At 31 December	3,228	1,678

Note:

1. The additions to goodwill of £1,550,000 (2018: £359,000) arose as a result of repair centre acquisitions to expand the Group's accident repair centre network.

During October 2019 the Company made further acquisitions to expand its wholly owned DLG Auto Services network.

The fair value of the identifiable assets and liabilities of the acquisitions as at the date of acquisition were:

	Fair value recognised on acquisition £'000
Right-of use assets (note 9)	2,590
Property, plant and equipment (note 8)	170
Lease liabilities	(2,590)
Goodwill (above)	1,550
Total consideration paid in cash	1,720

Goodwill represents the value attributed to the business by the Company as part of its ongoing strategy of developing its repair network.

The Group measured the acquired lease liabilities and matching right-of-use asset using the present value of the remaining lease payments at the date of acquisition.

No disclosure has been made for revenue and profit before tax generated as the Group does not manage its business at this level.

Notes to the financial statements

For the year ended 31 December 2019

8. Property, plant and equipment***Owned assets***

	Land and buildings ¹ £'000	Vehicles £'000	Computer and other equipment £'000	Total £'000
Cost				
At 1 January 2018	3,475	1,024	17,656	22,155
Additions	–	23	3,741	3,764
Disposals	–	(418)	(3,940)	(4,358)
At 31 December 2018	3,475	629	17,457	21,561
Additions	–	59	2,481	2,540
Disposals	–	(22)	(456)	(478)
At 31 December 2019	3,475	666	19,482	23,623
Accumulated depreciation				
At 1 January 2018	277	700	9,611	10,588
Charge for the year	46	95	1,064	1,205
Disposals	–	(413)	(3,814)	(4,227)
At 31 December 2018	323	382	6,861	7,566
Charge for the year	52	122	1,278	1,452
Disposals	–	(22)	(401)	(423)
At 31 December 2019	375	482	7,738	8,595
Carrying amount				
At 31 December 2019	3,100	184	11,744	15,028
At 31 December 2018	3,152	247	10,596	13,995

Note:

- Land and buildings includes freehold land and buildings at a cost of £2,645,000 with a carrying amount at 31 December 2019 of £2,511,000 (2018: £2,551,000), and leasehold land and buildings at a cost of £825,000 with a carrying value at 31 December 2019 of £589,000 (2018: £601,000)

Notes to the financial statements

For the year ended 31 December 2019

9. Right-of-use assets

	Land and buildings ¹ £'000	Vehicles £'000	Total £'000
Cost			
At 1 January 2018	7,259	2,443	9,702
Additions	1,162	324	1,486
Disposals	–	–	–
At 31 December 2018	8,421	2,767	11,188
Additions	2,737	–	2,737
Disposals	–	(1,723)	(1,723)
At 31 December 2019	11,158	1,044	12,202
Accumulated depreciation			
At 1 January 2018	4,184	1,705	5,889
Charge for the year	511	539	1,050
Disposals	–	–	–
At 31 December 2018	4,695	2,244	6,939
Charge for the year	613	358	971
Disposals	–	(1,678)	(1,678)
At 31 December 2019	5,308	924	6,232
Carrying amount			
At 31 December 2019	5,850	120	5,970
At 31 December 2018	3,726	523	4,249

Note:

1. Land and buildings are all short leasehold land and buildings

10. Inventories

	2019 £'000	2018 £'000
Work in progress	1,570	1,604
Fuel stock	42	82
Total	1,612	1,686

11. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	1,005	1,550
Less allowance for trade receivables	(34)	(59)
Trade receivables due from related parties	4,875	3,119
Indirect taxation	–	32
Financial assets held at amortised cost:		
Loans to Group undertakings	84,353	73,030
Lease receivable	974	–
Total	91,173	77,672

Notes to the financial statements

For the year ended 31 December 2019.

11. Trade and other receivables continued

The following table analyses trade receivables that were past due at the balance sheet date but not considered to be impaired:

	1 - 29 days £'000	30 - 59 days £'000	60 - 89 days £'000	90 days and over £'000	Total £'000
31 December 2019	44	24	8	35	111
31 December 2018	110	35	–	106	251

The trade and other receivables are, with the exception of the above, neither past due nor impaired. All trade and other receivables, with the exception of the above, including amounts due from related parties are considered current. Loans to Group undertakings are repayable on demand. In respect of credit quality, all are classified as unrated.

12. Trade and other payables

	2019 £'000	2018 £'000
Trade payables due to related parties	23,991	20,971
Accruals	2,590	3,100
Indirect taxes	54	–
Total	26,635	24,071

Trade payables due to related parties are due within one year.

13. Leases*Leases where the Company is a lessee*

Information relating to the nature of the Group's leasing activities has been included in the leases accounting policy in note 1. Total cash outflows in respect of leases was £1,359,000 (2018: £1,294,000). There were no short-term or low value lease expenses. Note 9 contains further information on the Company's right-of-use assets subject to lease arrangements.

Leases where the Company is a lessor

During the year the Company purchased some equipment which are being leased to a third-party. As all risks and rewards incidental to ownership of this equipment are deemed to have passed to the lessee, a lease receivable has been recognised in the balance sheet. The following table analyses the future aggregate minimum lease payments receivable under finance leases, which fall as follows:

	2019 £'000	2018 £'000
Minimum lease payments receivable are as follows:		
Within one year	83	–
Between 1 and 2 years	134	–
Between 2 and 3 years	130	–
Between 3 and 4 years	127	–
Between 4 and 5 years	124	–
Later than 5 years	506	–
Total	1,104	–

Reconciliation between net investment and total undiscounted lease receivable:

	2019 £'000	2018 £'000
Net investment in leases as at 1 January 2019	–	–
Additions	960	–
Interest income in the year	14	–
Lease payments received in the year	–	–
Net investment in leases as at 31 December 2019	974	–
Unearned finance income	130	–
Total	1,104	–

Notes to the financial statements

For the year ended 31 December 2019

14. Share capital

	2019 £	2018 £
Issued and fully paid equity shares		
2 Ordinary Shares of £1 each	2	2

The Company is a member of the Direct Line Group headed by Direct Line Insurance Group plc of which the Company is a subsidiary.

15. First-time adoption of IFRS 16

The following tables reconcile the restated comparative financial statements to amounts previously presented under IAS 17:

Impact on the income statement for the year ended 31 December 2018

	2018 £m audited	IFRS 16 first time adoption £m	2018 £m restated
Gross profit	81,074	-	81,074
Administration expenses ¹	(26,181)	233	(25,948)
Operating profit	54,893	233	55,126
Interest received on loans to Group undertakings	505	-	505
Finance costs ²	-	(174)	(174)
Profit before tax	55,398	59	55,457
Tax charge	(10,431)	(11)	(10,442)
Profit and total comprehensive income for the year	44,967	48	45,015

Notes:

1. Net administration expense impact of replacing rental expenses with a depreciation charge on right-of-use assets.
2. Interest expense recognised on unwinding of discounted lease liabilities.

Impact on the balance sheet as at 1 January 2018

	1 January 2018 £'000 audited	IFRS 16 first time adoption £'000	1 January 2018 £'000 restated
Assets			
Right-of-use assets	-	3,813	3,813
Trade and other receivables	64,981	(146)	64,835
Equity			
Shareholders' equity	50,241	(573)	49,668
Liabilities			
Lease liabilities	-	4,365	4,365
Deferred tax liabilities	237	(125)	112

Impact on the balance sheet as at 31 December 2018

	31 December 2018 £m audited	IFRS 16 first time adoption £m	31 December 2018 £m restated
Assets			
Right-of-use assets	-	4,249	4,249
Prepayments	1,013	(157)	856
Equity			
Shareholders' equity	62,208	(525)	61,683
Liabilities			
Lease liabilities	-	4,731	4,731
Deferred tax	179	(114)	65

Notes to the financial statements

For the year ended 31 December 2019

16. Events after the balance sheet date***Coronavirus (COVID-19)***

The Group is closely monitoring developments in connection with the spread of COVID-19, including guidance and directions provided by HM Government and public health advisers. Like all businesses, the Company is subject to the consequences of disruption to financial markets, supply chains and its general operations, which over time could impact the performance of the Company. The further implications of the COVID-19 pandemic are uncertain and the Company monitors the situation on an ongoing basis. The Directors consider that the outbreak of COVID-19 is a non-adjusting post balance sheet. It is not possible to determine the financial impact of the pandemic on the Company, however, but as stated in the Directors' report, the Company continues to operate and to review and update contingency plans on a regular basis.