

Company Registration No. 03514486 (England and Wales)

GEMCO SERVICE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

GEMCO SERVICE LIMITED

COMPANY INFORMATION

Directors	A Iacchetti C Spiritelli
Secretary	A Kinley
Company number	03514486
Registered office	Unit 14c Moderna Business Park Mytholmroyd Hebden Bridge United Kingdom HX7 5QQ
Auditor	Azets Audit Services 5th Floor Ashford Commercial Quarter 1 Dover Place Ashford Kent United Kingdom TN23 1FB
Bankers	Nordea Bank AB London Branch 6th Floor 5 Aldermanbury Square London United Kingdom EC2V 7AZ

GEMCO SERVICE LIMITED

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GEMCO SERVICE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Business review

Gemco Service Limited operates mainly in the UK with a focus on the following key market segments:

- National fast fit centres.
- Commercial workshops.
- Independent garages.
- Vehicle dealerships.
- Public sector; and
- Motor manufacturers.

Our focus on delivering excellent customer service, response times and quality of work is continuing to build our profile in the marketplace.

The last 12 months have seen some major changes for the business, the Covid-19 pandemic has exerted all sorts of pressures where, as a support network to our key accounts, the business' keen sense of duty to its customers and stakeholders required a spirit to adapt to the continuing needs of the market. In addition, Gemco Service has embarked on a period of harmonisation and restructuring with our sister company Gemco Equipment Ltd, acquiring the trade and transferring the operations to its offices in West Yorkshire.

As shown in the company's profit and loss account, the sales and profit before taxation have increased on a like for like basis when compared to the prior (18 month) period. Although service income on its own has fallen, due to the pandemic, total income has increased, partly due to the purchase of trade from Gemco Equipment which along with savings from the streamlined merging of activities has put the business in a strong position to move forward, as such the directors are pleased with the results and remain positive about the future.

GEMCO SERVICE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

Credit risk applies to financial instruments such as trade receivables and short-term bank deposits. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history.

Competition risk exists as competitors expand their customer base; but mitigated by the fact that Gemco boasts the largest stock of parts and exclusivity on certain items in the UK. We can generally respond quicker to customers and therefore offer a better level of service than the competition. The product offering has now been expanded to include the wide variety of capital equipment available from its parental and third part supplier network, truly becoming the one-stop shop for garage equipment.

Exchange risk arises from trading assets and liabilities that will be settled in a foreign currency. The directors monitor exposure to ensure the level of risk from fluctuating exchange rates is kept at an acceptable level. Credit risk arises on financial instruments such as trade receivables and short-term bank deposits. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history.

Failure of a critical IT system may cause significant disruption to operations and/or lost revenue as we are dependent on our IT system for most of our principal business processes. Disaster recovery arrangements exist and continual investment in IT takes place to increase our resilience.

The company is committed to representation on the relevant trade bodies to maintain the highest standards for our business and our industry. Our participation ensures that we are constantly aware of industry developments and compliance within our business; it also means we have external audits by the relevant bodies to keep our accreditation.

The vote by the United Kingdom to leave the European Union could result in additional risks going forward for the business. The directors are aware and will monitor the impact going forward but are also keen on exploiting all opportunities arising from this change of setup.

In general, all risks identified have appropriate recovery plans developed to minimise the impact and residual risks are covered by adequate insurance.

Financial key performance indicators

Gemco Service Limited continues to manage its operations on a divisional basis. The company's directors review key performance indicators in line with company group policy. The directors assess company performance using the following key performance indicators:

- Gross profit percentage was 24.4% in 2020, a decrease from 28.6% in 2019.
- Administrative costs as a percentage of turnover were 22.5% in 2020, increased from 21.6% in 2019.
- Operating profit as a % of turnover was 3.2% in 2020, increased from 2.9% in 2019 thanks to higher efficiencies deriving from new organisation.

The company's directors continuously review and enhance the key performance indicators which they monitor to support the strategic direction of the business.

On behalf of the board

A Iacchetti

Director

18 May 2021

GEMCO SERVICE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of installation, maintenance, examination, inspection, service and repair of garage workshop equipment.

The fixed assets, stock and trade of Gemco Equipment Limited were transferred to the company in October 2020 to merge all trading activities of the group into one company. Therefore, the principal activities of the company have expanded to include the sale and installation of garage equipment to the automotive industry.

The company's unique selling point is the provision of a UK wide service coverage which is particularly applicable to the national account customers. However, our UK expertise in garage equipment provides a seamless "one stop shop" to customers in several sectors.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Iacchetti

C Spiritelli

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

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). 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 judgements and accounting estimates that are reasonable and prudent;
- 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 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.

GEMCO SERVICE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

A Iacchetti

Director

18 May 2021

GEMCO SERVICE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF GEMCO SERVICE LIMITED

Opinion

We have audited the financial statements of Gemco Service Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

GEMCO SERVICE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF GEMCO SERVICE LIMITED

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 and the directors' report.

We have nothing to report in respect of the following matters where 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, 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

GEMCO SERVICE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF GEMCO SERVICE LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Robert Reynolds (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

19 May 2021

Chartered Accountants
Statutory Auditor

5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
United Kingdom
TN23 1FB

GEMCO SERVICE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020 £	Period ended 31 December 2019 £
	Notes		
Turnover	3	10,608,584	14,397,457
Cost of sales		(8,024,541)	(10,277,839)
Gross profit		2,584,043	4,119,618
Distribution costs		(462,900)	(600,395)
Administrative expenses		(2,385,153)	(3,106,053)
Other operating income		608,134	-
Operating profit	4	344,124	413,170
Interest receivable and similar income	7	33,875	66,265
Interest payable and similar expenses	8	(23,360)	(58,879)
Profit before taxation		354,639	420,556
Tax on profit	9	12,073	(80,924)
Profit for the financial year		366,712	339,632

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GEMCO SERVICE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 2020 £	Period ended 2019 £
Profit for the year	366,712	339,632
Other comprehensive income		
Actuarial loss on defined benefit pension schemes	(151,000)	(44,001)
Tax relating to other comprehensive income	28,690	(7,480)
Other comprehensive income for the year	(122,310)	(51,481)
Total comprehensive income for the year	244,402	288,151

GEMCO SERVICE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Goodwill	10		47,210		-
Other intangible assets	10		111,704		163,649
Total intangible assets			158,914		163,649
Tangible assets	11		190,460		197,255
			349,374		360,904
Current assets					
Stocks	12	4,314,193		2,036,172	
Debtors	13	7,422,118		6,512,783	
Cash at bank and in hand		13,614		5,401	
			11,749,925		8,554,356
Creditors: amounts falling due within one year	14	(6,601,999)		(3,593,240)	
Net current assets			5,147,926		4,961,116
Total assets less current liabilities			5,497,300		5,322,020
Creditors: amounts falling due after more than one year	15		(180,878)		(308,237)
Provisions for liabilities					
Deferred tax liability	18	1,944		11,777	
			(1,944)		(11,777)
Net assets excluding pension liability			5,314,478		5,002,006
Defined benefit pension liability	19		(571,050)		(502,980)
Net assets			4,743,428		4,499,026
Capital and reserves					
Called up share capital	20		500,000		500,000
Profit and loss reserves			4,243,428		3,999,026
Total equity			4,743,428		4,499,026

GEMCO SERVICE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 18 May 2021 and are signed on its behalf by:

A Iacchetti
Director

Company Registration No. 03514486

GEMCO SERVICE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 July 2018	500,000	3,710,875	4,210,875
Period ended 31 December 2019:			
Profit for the period	-	339,632	339,632
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	(44,001)	(44,001)
Tax relating to other comprehensive income	-	(7,480)	(7,480)
Total comprehensive income for the period	-	288,151	288,151
Balance at 31 December 2019	500,000	3,999,026	4,499,026
Year ended 31 December 2020:			
Profit for the year	-	366,712	366,712
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	(151,000)	(151,000)
Tax relating to other comprehensive income	-	28,690	28,690
Total comprehensive income for the year	-	244,402	244,402
Balance at 31 December 2020	500,000	4,243,428	4,743,428

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Gemco Service Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 14c, Moderna Business Park, Mytholmroyd, Hebden Bridge, United Kingdom, HX7 5QQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- • Section 7 Statement of Cash Flows;
- Section 3 Financial Statement Presentation paragraph 3.17(d);
- • Section 33 Related Party Disclosures paragraph 33.7.

This information is included within the consolidated financial statements of Nexion S.p.A. as at 31 December 2020 and these financial statements may be obtained from the company's registered office address Via Carpi, 9, 42015 Correggio RE, Italy.

Accounting period

The comparative period in these accounts is the 18 month period ended 31 December 2019. The current period is the year ended 31 December 2020.

1.2 Going concern

The directors consider that the company's banking facilities, which are guaranteed by an intermediate holding company are adequate going forward. Short-term flexibility is achieved by overdraft facilities.

As a result of recent trading experience and due to the economic down-turn from the pandemic, where government measures in the UK and overseas have had a negative impact on the operations and financial performance of the company, the company has embarked on a Group restructuring and streamlining exercise. This is now well progressed with the results expected to be seen over the next and future trading periods.

The company's actual results since the balance sheet date along with forecasts and projections from the date of approval of the financial statements and taking account of reasonable possible changes in trading performance from the current economic uncertainties, show that the company is able to meet its liabilities as they fall due. Given the banking facility guarantee and financial support that is available from the intermediate holding company, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the significant risks and rewards of ownership of the goods have passed to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised in the period in which the services are provided by reference to the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% - 33.33% on cost
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold buildings	20% - 33.33% on cost
Plant and equipment	10% - 20% on cost
Fixtures and fittings	20% - 33.33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider that the critical accounting policies where judgements and estimations have been applied relate to the tangible asset lives and valuations; in particular the useful economic life and residual values of plant and machinery and the valuation of stock and work in progress. The directors have concluded that the asset values and the residual values are appropriate.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Maintenance	9,794,184	14,397,457
Equipment sales	814,400	-
	<u>10,608,584</u>	<u>14,397,457</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	33,875	66,265
Grants received	608,134	-
	<u></u>	<u></u>
	2020	2019
	£	£
Turnover analysed by geographical market		
UK	10,569,677	14,397,457
Rest of Europe	38,907	-
	<u>10,608,584</u>	<u>14,397,457</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	2,309	(4,980)
Government grants	(608,134)	-
Fees payable to the company's auditor for the audit of the company's financial statements	20,500	19,779
Depreciation of owned tangible fixed assets	112,476	180,899
Profit on disposal of tangible fixed assets	(73)	(50)
Amortisation of intangible assets	82,104	116,322
Operating lease charges	506,984	649,339
	<u></u>	<u></u>

The Government grants were received in respect of the Job Retention Scheme. The income received per the accounts relates to the period from when the scheme started to the year end.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Production	136	118
Finance and administration	14	12
Total	150	130

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	4,367,032	5,642,455
Social security costs	465,572	565,503
Pension costs	172,900	246,269
	5,005,504	6,454,227

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	20,583	-
Company pension contributions to defined contribution schemes	867	-
	21,450	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 0).

The directors are directors of the other group companies and up until October 2020 had their remuneration paid and disclosed in those companies. It is not practicable to allocate their remuneration between services to Gemco Service Limited and other group companies during the period.

The directors are considered to be the key management personnel of the company.

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Other interest income	33,875	66,265

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	12,360	33,879
Other finance costs:		
Net interest on the net defined benefit liability	11,000	25,000
	<u>23,360</u>	<u>58,879</u>

9 Taxation

	2020	2019
	£	£
Current tax		
Adjustments in respect of prior periods	-	(4,837)
Group tax relief	-	80,739
Total current tax	<u>-</u>	<u>75,902</u>
Deferred tax		
Origination and reversal of timing differences	(12,073)	5,022
Total tax (credit)/charge	<u>(12,073)</u>	<u>80,924</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	<u>354,639</u>	<u>420,556</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	67,381	79,906
Tax effect of expenses that are not deductible in determining taxable profit	6,476	256
Group relief	(77,220)	-
Under/(over) provided in prior years	-	(919)
Permanent capital allowances in excess of depreciation	(8,710)	1,681
Taxation (credit)/charge for the year	<u>(12,073)</u>	<u>80,924</u>

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation

(Continued)

In addition to the amount (credited)/charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(28,690)	7,480

10 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 January 2020	15,000	420,134	435,134
Additions - internally developed	-	27,013	27,013
Additions - separately acquired	50,356	-	50,356
At 31 December 2020	65,356	447,147	512,503
Amortisation and impairment			
At 1 January 2020	15,000	256,485	271,485
Amortisation charged for the year	3,146	78,958	82,104
At 31 December 2020	18,146	335,443	353,589
Carrying amount			
At 31 December 2020	47,210	111,704	158,914
At 31 December 2019	-	163,649	163,649

Goodwill relates to a purchase agreement by Gemco Equipment Limited to acquire the fixed assets and trade of a garage equipment business in June 2013. This was transferred to Gemco Service Limited as part of the group restructure, where goodwill arising on the purchase is still being amortised over the useful economic life of the goodwill of 10 years.

Software relates to capitalised project costs incurred in adapting an existing system to be more tailored to the company's needs. The costs are being amortised over a useful life of between 3 and 5 years.

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets

	Leasehold buildings £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2020	261,720	647,029	1,273,546	2,182,295
Additions	19,656	8,840	77,772	106,268
Disposals	-	-	(660)	(660)
At 31 December 2020	281,376	655,869	1,350,658	2,287,903
Depreciation and impairment				
At 1 January 2020	165,563	628,953	1,190,524	1,985,040
Depreciation charged in the year	26,944	10,412	75,120	112,476
Eliminated in respect of disposals	-	-	(73)	(73)
At 31 December 2020	192,507	639,365	1,265,571	2,097,443
Carrying amount				
At 31 December 2020	88,869	16,504	85,087	190,460
At 31 December 2019	96,157	18,076	83,022	197,255

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Fixtures and fittings	5,951	4,272

12 Stocks

	2020 £	2019 £
Work in progress	77,312	99,849
Finished goods and goods for resale	4,236,881	1,936,323
	4,314,193	2,036,172

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	2,404,880	1,349,255
Corporation tax recoverable	46,801	51,637
Amounts owed by group undertakings	4,482,176	4,643,805
Other debtors	63,295	9,062
Prepayments and accrued income	424,966	459,024
	<u>7,422,118</u>	<u>6,512,783</u>

Amounts owed by group undertakings are unsecured, attracting interest at a rate of 3% and are payable on demand.

14 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	16	438,019	1,010,493
Obligations under finance leases	17	4,121	4,272
Payments received on account		1,028,682	1,107,960
Trade creditors		654,119	528,509
Amounts owed to group undertakings		1,191,398	234,452
Taxation and social security		1,099,645	571,313
Accruals and deferred income		2,186,015	136,241
		<u>6,601,999</u>	<u>3,593,240</u>

Net obligations under finance leases and hire purchase contracts of £5,952 (2019: £4,272) are secured on the assets of the company.

Gemco Service Limited is subject to a debenture dated 10 November 2010, securing all monies due or to become due from Stenhoj Holding A/S and its subsidiaries to Nordea Bank Denmark A/S.

15 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Obligations under finance leases	17	1,831	-
Payments received on account		179,047	308,237
		<u>180,878</u>	<u>308,237</u>

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	438,019	1,010,493
Payable within one year	438,019	1,010,493

17 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	4,121	4,272
In two to five years	1,831	-
	5,952	4,272

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	12,747	17,961
Short term timing differences	(10,803)	(6,184)
	1,944	11,777
Movements in the year:		2020 £
Liability at 1 January 2020		11,777
Credit to profit or loss		(9,833)
Liability at 31 December 2020		1,944

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	172,900	246,269

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions of £42,858 (2019: £30,876) were outstanding at the year end.

Defined benefit schemes

The company operates a defined benefit pension scheme.

The Transervice Pension Scheme is closed to both new entrants and to future benefit accrual. The assets of the scheme are held in a separately administered fund.

A formal actuarial valuation of the scheme was carried out on 1 January 2018 by a qualified independent actuary.

An estimate of the plan's funding position was carried out as at 31 December 2020 by a qualified independent actuary. The estimate was based on the last full valuation.

The total contributions made in the year to 31 December 2020 were £63,000 (2019: £98,000), all employer contributions.

The agreed contribution rates for future years include a one-off payment of £13,313 and annual contributions of £59,658 from 1 April 2019 until 31 December 2031. The annual contributions will increase by 5% annually, with the first such increase applied on 1 January 2020.

The estimated value of employer contributions for the year to 31 December 2021 is £65,773.

	2020	2019
Key assumptions	%	%
Discount rate	1.2	1.9
Future salary increases	2.8	2.7
Inflation assumption	2.9	2.8
Mortality assumptions	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	20.5	20.4
- Females	22.5	22.3
Retiring in 20 years		
- Males	21.8	21.7
- Females	24.0	23.8

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Retirement benefit schemes

(Continued)

	2020	2019
<i>Amounts recognised in the profit and loss account</i>	£	£
Net interest on net defined benefit liability/(asset)	(11,000)	(25,000)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2020	2019
	£	£
Present value of defined benefit obligations	1,647,000	1,468,000
Fair value of plan assets	(942,000)	(862,000)
Related deferred tax asset	(133,950)	(103,020)
Deficit in scheme	571,050	502,980

	2020	2019
<i>Movements in the present value of plan liabilities</i>	£	£
Liabilities at 1 January 2020	1,468,000	1,371,000
Benefits paid	(40,000)	(62,000)
Actuarial gains and losses	192,000	104,000
Interest cost	27,000	55,000
At 31 December 2020	1,647,000	1,468,000

	2020	2019
<i>Movements in the fair value of plan assets</i>	£	£
Fair value of assets at 1 January 2020	862,000	736,000
Interest income	16,000	30,000
Return on plan assets (excluding amounts included in net interest)	41,000	60,000
Benefits paid	(40,000)	(62,000)
Contributions by the employer	63,000	98,000
At 31 December 2020	942,000	862,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

(Continued)

The most recent triennial valuation of the company's pension scheme for funding purposes was performed in 2018. Under the funding scheme agreed with the scheme trustees, the company aims to eliminate the current deficit over the next 13 years. The company will monitor funding levels annually and the funding schedule will be reviewed between the company and the trustees every three years, based on actuarial valuations. The company considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

GEMCO SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Contingent liabilities

Gemco Service Limited entered into an up-stream guarantee agreement with Nordea Bank for any debt owed by Stenhoj Holding A/S towards Nordea. The maximum liability as at 31 December 2020 is £17,231,049 (2019: £11,529,355) and the actual value as at 31 December 2019 amounts to £14,218,573 (2019: £10,522,542).

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	491,766	263,418
Between two and five years	845,261	218,664
	<u>1,337,027</u>	<u>482,082</u>

23 Events after the reporting date

The Directors of all Gemco Group companies have been working through 2020 to organise a restructure of the business activities of the Group. This involves restructuring the Group from the current four companies into a situation where there is just one operational company in the group, that company being Gemco Service Limited. The restructure is ongoing into 2021.

24 Related party transactions

The company has taken advantage of the provisions of the Financial Reporting Standard 102 Section 33 not to disclose transactions with other group companies on the basis that 100% of the voting rights are controlled within the group.

25 Ultimate controlling party

The ultimate controlling party of the company is Minio S.r.l., a company incorporated in Italy.

The immediate parent company is Gemco Corporate Management Limited.

The largest and smallest groups in which the results of the company are consolidated are those headed by Nexion S.p.A., a company incorporated in Italy, and Stenhoj Holdings A/S, incorporated in Denmark, respectively.

Copies of the group financial statements of Nexion S.p.A. are available from the company's registered office address Via Carpi, 9, 42015 Correggio RE, Italy.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.