International Automotive Components Group Limited

Annual report and financial statements

Registered number 05611434

For the year ended 31 December 2019

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Strategic report

Business review

International Automotive Components Group Limited ("the Company") is an indirect wholly-owned subsidiary of International Automotive Components North America Group LLC ("IAC Group").

The Company provides a Full Service Supply for interior components into the automotive industry including design, manufacture and integration of Overheads systems, Instrument panels, centre consoles, door panels and interior trim. The company consists of three manufacturing sites in the UK strategically placed to provide a full range of manufacturing processes and JIT facilities to all the UK OEM's. The Company made a profit for the financial year of £4,519,000 (2018: profit £2,342,000) with revenue of £353million (2018: £333million). The results are set out on page 13. As IAC Group manages its operations on a group basis, the Company's directors believe that further key performance indicators beyond revenue and profit are not necessary or appropriate for an understanding of the development, performance or position of the business.

IAC Group, of which the Company is a part, invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company in the medium to long-term future. This research and development activity has resulted in a number of updates to existing products during the current financial year.

Future prospects

The Company will continue to produce parts for various highly in demand Land Rover models, including the flagship Range Rover, additionally the Company has secured new and replacement business from Jaguar Land Rover. During the year the Company has invested in its operational capabilities and has increased its manufacturing capacity and footprint including the development of a new 312,000 sq ft manufacturing facility in Elmdon. The Company is working to both diversify its customer base as well as move towards vertical integration on some components and increased automation to provide increased manufacturing efficiency.

The short term future prospects of the Company are impacted by COVID-19 as set out below in relation to principal risks and uncertainties and the Company's success is predicated on demand from Land Rover and its customers.

Principal risks and uncertainties

<u>Competition</u>

Competitive pressures in the UK are a continuing risk for every automotive component supplier. To manage this risk, the Company strives to provide added-value products and services to its customers, to meet its customers' delivery objectives in the supply of products and services and in the handling of customer queries, and to maintain strong relationships with customers.

<u>Foreign Currency</u>

The Company purchases products in international markets and is therefore exposed to currency movements on such purchases. The impact of COVID-19 has resulted in increased volatility in foreign exchange rates which increases this exposure. Where appropriate the Company manages this risk with natural hedges.

<u>Financing</u>

The Company factors certain receivables and provides these to the group cash pool facility, drawing down from this to fund it's own activities. In addition, it has (through the Global Credit Facilities Agreement, see note 14) access to up to €15.0 million from an external finance provider (2018: €15.0 million). During the year €nil million (2018: €4.7 million) was drawn down on the external finance facility and €nil million remained outstanding at the year end (2018: nil). The Company has other external loans of £5.8 million.

Strategic report *(continued)*

Brexit

The outcome of Brexit remains unknown at the date of this report. The Company's assumption is that the impact of Brexit on future operating performance will be neutral. The Company maintains close working relationships with key customers to ensure alignment on any changes. The Company retains flexibility in the labour workforce and supply chain to ensure any potential disruption is minimised.

COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. As the epidemic evolves, many areas have now detected imported cases and local transmission of COVID-19. As of now, COVID-19 has since spread to over 150 countries worldwide and on March 11, 2020 the World Health Organization ('WHO') declared COVID-19 a pandemic.

The spread of the COVID-19 outbreak has caused severe disruptions in the UK and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries, including UK, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

We are closely monitoring the potential impact of COVID-19 on our 2020 financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business. The most significant impact on our financial results and cashflows resulting from COVID-19 is driven by plant shutdowns both within IAC and our customers. Our top priority remains the health and safety of our staff which we are addressing through additional social distancing procedures in the workplace and a focus on working from home where possible. In addition, investment has been made in additional PPE and hand sanitiser to protect workers when on-site.

Based on information provided by the Government, the HSE, the WHO and also available publicly, we are taking a number of measures to reduce any potential impact of COVID-19 including adjusting operational capacity to current demand levels. Measures have also been taken to ensure Operations adhere to current HSE guidelines.

Consumer and customer demand

Consumer and customer demand has been impacted by the COVID-19 pandemic. The Company strives to be flexible to customer requirements, and liaises closely with its main customer, JLR, to ensure alignment on production timelines, shifts and volumes. Although overall volumes for FY20 are expected to be lower than planned due to shutdowns and reduced consumer demand in the short term, it is expected that this will recover towards the end of the year and into FY21.

Supply chain

Whilst there remain challenges in restarting the supply chain of the Company is not expected to be impacted as a result of COVID-19; however, management continue to monitor the situation and maintain regular dialogue with suppliers to ensure the Company is able to obtain the materials required to meet customer requirements.

The Company is also in regular communication with the main customer, JLR, regarding their overall supply chain, within which IAC UK are integrated, and any potential issues that may impact their production timelines or volumes and in turn the demand on IAC UK production.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates in accordance with IAC Group's policies. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Strategic report *(continued)*

Section 172 Statement

Our Vision

With more than 160 years of automotive interiors expertise, International Automotive Components (IAC) is a leading global supplier of automotive components and systems. We bring added value, service, and success to our customers, investors, and employees, reinforcing our quality, value, and technology.

IAC is built upon the pillars of technological advancement, including environmental sustainability, world-class manufacturing, continuous improvement, and corporate responsibility. At IAC, we provide customers with unparalleled manufacturing reach, materials innovation, and engineering capabilities. The result is superior solutions that help reduce weight, incorporate natural materials, and differentiate vehicles in their market segments.

We offer our customers a broad portfolio of interior components and systems through our core product categories, including instrument panels, consoles and cockpits; door and trim systems; and headliner and overhead systems; as well as other interior and exterior components.

Strategic Activities in the UK

Having decided in 2018 to close the Sunderland site and to establish a new plant to deliver the newly won MLA programme, 2019 was a year of stability for the UK business and the Directors consider that there were no principal decisions made during the year affecting the company. The Directors considered that for all stakeholders this stability was important to allow the business to smoothly launch and begin the building of the MLA plant.

Our Stakeholders

The Directors have ensured compliance with their duties under s.172(1) in relation to the Company and its various stakeholders. Our shareholders together with our employees, customers, suppliers, and community represent our key stakeholders. Engaging with, and giving consideration to, these stakeholders is central to our purpose and strategy to achieve the long-term success of our business as set forth in our vision statement above.

Shareholders

Our direct shareholder is a Luxembourg holding company, however our ultimate parent shareholders substantially comprise certain institutional and private equity interests, along with our debtholder banks.

- We provide our Board of Directors with regular communication on the Company's financial results, market conditions, new business pursuits and awards, and business acquisitions and disposals.
- We maintain regular communication with our relationship banks.
- We hold an annual shareholder meeting – held in June 2019.
- We provide monthly key financial metrics and covenant compliance reporting to debtholders.
- We made sure prior year strategic decisions referred to above were completed, including the closing of the Sunderland plant and preparation of the new facility that will hold the new MLA business.

Employees

We employ more than 1,200 colleagues in our UK Operations (IACG Limited) supporting Direct Operations in each of our 3 Plants and also Commercial, Engineering and other functions in our Commercial and Technical Centre in Elmdon.

- Across all of the UK Businesses, regular and open communication is shared with employees. We also support the ethics and compliance training for relevant levels of the organization. We utilize email broadcasts used to communicate relevant and timely information to employees. Clear and regular communication provides employees of IACG Limited the information that allows them to manage the day to day business in line with the overall objectives of the global organization. All 3 UK plants publish monthly Newsletter, detailing key highlights in plant operations with circulation across all employees.
- Our executive management team also broadcasts regular town hall meetings with the employees globally. The VP of Operations conducts quarterly Townhall briefings more locally on a quarterly basis. A Q&A session is held at the end of every Townhall meeting for employees to ask questions and raise concerns.

Strategic report *(continued)*

- We recently conducted a compliance policy program review ensuring the Code of Business Conduct and Ethics Policy, Antitrust and Competition Guidelines, Anti-Corruption Guidelines and other compliance related polices were reflective of the most current regulations and relevant to our business practices and industry standards. We continue to focus on strengthening our compliance program with a focus on policy and procedures, delegation of authority and training.
- Our compliance program will continue to be monitored by the IAC Compliance and Ethics Steering Committee. This Committee comprises an interdisciplinary group of IAC senior executives who meet on a quarterly basis to ensure IAC maintains an effective and robust compliance program and reports its status and findings to the IAC Board of Directors.
- We have implemented a third party managed Speak Up Hotline in 2019. The Speak Up Hotline is operated by Navex Global/Ethics Point and is available 24 hours a day, 365 days a year and allows employees an opportunity to anonymously report concerns related to the Company and its Code of Conduct.
- The groundwork was laid in 2019 in preparation of an employee survey which was conducted in Q1 2020. Following completion of the survey, the management team are reviewing the results and feedback and will prepare an action plan to address this.
- IAC has good relationships with the Unions in the UK and are in frequent contact to ensure alignment on key points.

Customers

Our primary Customers are global automotive OEMs and tier one suppliers primarily Jaguar Land Rover and Toyota. IAC UK provides content for 95% of the Jaguar Land Rover vehicles built in the UK.

- We provide full-service support through system and product design to manufacture, and Just-In-Time supply, meeting customer's expectations and compliance with all statutory and industrial requirements.
- We strive at all times to be on the cutting edge of industry technologies and developments, employing global resources to always present the most effective solution to the customer. This includes development in alternative materials, light weighting, improved integration, and increased automation.
- We focus on a culture of Continuous Improvement to improve efficiencies and remove waste.
- The business listens to the customers changing needs and adapts accordingly – achieved via regular customer reviews and developing a clear understanding of roles and responsibilities.
- IAC UK is indirectly a major exporter through our OEMs.
- As referred to in the Business Review, IAC continues to work with the customer to meet their requirements in relation to existing and new programmes, including the setting up of a new facility for the MLA programme.

Suppliers

We are engaged with nearly 1,000 suppliers who partner with us, ranging from small businesses to large multinational companies.

- Our annual expenditure across our supply chain was nearly £300 million for 2019, providing us with raw materials, machinery and equipment, and products and services to enable us to serve our customers and colleagues.
- We actively engage with all our suppliers to comply with regulatory, industrial, and technological requirements and look to them for high standards for social, environmental, and ethical impact.

Strategic report *(continued)*

Community

We are continuously looking to support the local communities in which we operate.

- We have signed an 11-year lease at Prologis Park in Birmingham with the potential to create a further 400 new jobs in the region. Occupying 28,800m2 in two buildings, we will manufacture, assemble and sequence components for delivery to Jaguar Land Rover's nearby Solihull plant. Our decision to locate this facility at Prologis Park Birmingham Interchange further endorses the West Midlands as a premier location for the automotive sector and is a further commitment from IAC to the region.
- We have further bolstered the regional economy by utilizing local SME businesses in the construction and layout of new facilities where possible.
- We have sponsored the local Marston Green Football Club and many of our colleagues participate in fund raising events for multiple charities.

By order of the board

DJ Prystash
Director

Building 2
Elmdon Trading Estate
Bickenhill Lane
Solihull

West Midlands
B37 7HE

Dated: 26 June 2020

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

As permitted, certain information regarding the Company, including a review and analysis of the development and performance of the Company's business during the year, the Company's policies for employee and stakeholder engagement and a description of the principal risks and uncertainties facing the Company are contained within the Strategic report.

Principal activities

The Company's principal activities are the manufacture and sale of components to the automotive industry primarily in the UK.

Dividends

The directors do not recommend the payment of a dividend *(2018: £nil)*.

Directors

The directors who held office during the year were as follows:

Ms IN Villaire
Mr DJ Prystash

Employees

Information concerning employees and their remuneration is set out in note 5 to the financial statements. It is the policy of the Company to communicate with employees on matters of mutual interest through appropriate means.

It is also the Company's policy to encourage the employment, training and career development of disabled persons which will, as far as possible, be identical with that of other employees. If employees become disabled, every effort is made for them to continue in employment or receive appropriate training.

Going concern

As the Company has net assets of £33,939,000 as at 31 December 2019, a profit for the year then ended of £4,519,000 and cash outflows from operation for the year of £38,889,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The response to the impact of COVID-19 is set out in the Principal Risks and Uncertainties section above. It is our view, to the best of our current knowledge, that although COVID-19 will have an adverse impact on the company, the measures taken by the Group will mitigate this in order that there is not a material effect on the company's ability to continue as a going concern.

The directors have prepared forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downside scenarios and the ongoing impact of COVID-19 and potential impact on volumes, the company will have sufficient funds, through its continued use of the Global Credit Facilities Agreement, made available by International Automotive Components Group SA, to meet its liabilities as they fall due for that period and therefore have prepared the financial statements on a going concern basis.

Those forecasts are dependent on IAC Group companies not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £6,377,000, and International Automotive Components Group SA maintaining financial support during that period. International Automotive Components Group SA has indicated it will continue to make available such funds as are needed by the company, and IAC Group companies do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

Director's report *(continued)*

The Directors of the company have inquired of the Directors the Group and have obtained an update on the Going Concern assessment from date of sign off of the Group financial statements and also an update on the impact of COVID-19. The Directors have reviewed the stress testing on the forecasts prepared by group which focussed on reductions in vehicle volumes and have considered the results of these when comparing to the level of funding available and covenants in place. The levels of funding available includes assumptions as to the timing of payments to suppliers including amounts deferred for periods in excess of normal payment terms.

The Group continues to engage in certain working capital financing initiatives which impact cash flows from operations such as the sale of receivables, sale and leaseback of plant and equipment and the negotiation of extended payment terms with certain suppliers. These initiatives generally rely on the ongoing provision of credit by financial institutions to the parties subject to these arrangements and the extent to which these initiatives are used may fluctuate over time based on availability, cost and requirements. The stress testing performed by group assumes continuing availability of existing facilities and that further funding will be obtained.

Based on this going concern assessment and stress testing it was determined that the cash and debt position of the Group will be adequate to meet anticipated requirements for at least 12 months from the date of approval of these statements. In addition, it is considered remote that reduced vehicle volumes or EBITDA would be such that any covenants in place would be breached or that liquidity would not be in place.

However, given the inherent uncertainties, the extent of the impact of the COVID-19 pandemic on the Group's operating results and cash flows is difficult to estimate and if the economic disruption is significantly greater than assumed, it could negatively impact the Group's assessment.

In particular, as a result of the company's reliance on Jaguar Land Rover as it's main customer, the Directors of this company consider that, due to circumstances outside their control, funding required may be significantly greater than assumed for the UK and a situation could arise which could impact the Company's ability to access additional funding should it be required. The negative impact of this material uncertainty casts significant doubt upon the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Whilst a material uncertainty exists for the Company; given the confirmation of support from the shareholders the Directors believe the Company should be well positioned to withstand the impact of COVID-19. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

Subsequent Events

COVID-19 was declared as a pandemic by the WHO on 11 March 2020. The spread of the COVID-19 outbreak has caused severe disruptions in the UK and global economy. We are closely monitoring the potential impact of COVID-19 on our 2020 financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business. The most significant impact on our financial results and cashflows resulting from COVID-19 is driven by plant shutdowns both within IAC and our customers. Our top priority remains the health and safety of our staff. Please refer to the Principal Risks and Uncertainties section of the Strategic Report and Going Concern section of the Director's report for further details on the company's response to COVID-19 and the impact on the business.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Director's report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, Ernst & Young LLP has been appointed auditor for the Company. KMPG LLP held the office as auditor for the 2018 financial year and have since resigned.

By order of the board

DJ Prystash
Director

Building 2
Elmdon Trading Estate
Bickenhill Lane
Solihull
West Midlands
B37 7HE

Dated: 26 June 2020

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of International Automotive Components Group Limited

Opinion

We have audited the financial statements of International Automotive Components Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, Statement of cash flows, the Statement of changes in equity and the related notes1 to 24, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which describes the risk that funding required may be significantly greater than that assumed for the UK and a situation could arise which could impact the Company's ability to access additional funding should it be required. As stated in Note 1 and note 24, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of International Automotive Components Group Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of International Automotive Components Group Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Helen Hemming (Senior Statutory Auditor)

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

Birmingham

B4 6HQ

Dated: 26 June 2020

Profit and loss account
for the year ended 31 December 2019

	Note	**2019 £000**	2018 £000
Turnover	*2*	**353,292**	332,502
Cost of sales		**(285,054)**	(271,811)
Gross profit		**68,238**	60,691
Distribution costs		**(3,365)**	(3,942)
Administrative expenses		**(72,092)**	(53,422)
Operating (loss)/profit	3	**(7,219)**	3,327
Other interest receivable	6	**19,765**	7,679
Other interest payable	7	**(7,258)**	(7,200)
Profit before taxation		**5,288**	3,806
Tax on profit	*8*	**(769)**	(1,464)
Profit for the financial year		**4,519**	2,342

There were no other gains or losses other than those recorded in the profit and loss account in the current or prior year. Accordingly, no statement of comprehensive income has been presented.

The attached notes form part of these financial statements.

Balance sheet
at 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible assets	*9a*		**163**		168
Tangible assets	*9b*		**21,677**		21,574
Investments	*10*		**1**		1
			21,841		21,743
Current assets					
Stocks	*11*	**10,576**		10,753	
Debtors (including £1,572,000 *(2018: £1,572,000)* due after more than one year)	*12*	**75,126**		82,620	
Cash and cash equivalents		**-**		429	
		85,702		93,802	
Creditors: amounts falling due within one year	*13*	**(63,840)**		(85,068)	
Net current assets			**21,862**		8,734
Total assets less current liabilities			**43,703**		30,477
Creditors: amounts falling due after more than one year	*14*		**(7,212)**		(1,057)
Provisions for liabilities					
Deferred tax liability	*15*		**-**		-
Dilapidations provision	*23*		**(2,552)**		-
Net assets			**33,939**		29,420
Capital and reserves					
Called up share capital	*16*		**9,451**		9,451
Profit and loss account			**24,488**		19,969
Equity shareholder's funds			**33,939**		29,420

The attached notes form part of these financial statements.

These financial statements were approved by the board of directors on 26 June 2020 and were signed on its behalf by:

BJ Prystash
Director

Registered number: 05611434

Statement of changes in equity
as at 31 December 2019

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	9,451	17,627	27078
Total comprehensive income for the year			
Profit for the year	-	2,342	2,342
Balance at 31 December 2018	**9,451**	**19,969**	**29,420**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	9,451	19,969	29,420
Total comprehensive income for the year			
Profit for the year	-	4,519	4,519
Balance at 31 December 2019	**9,451**	**24,488**	**33,939**

Cash flow statement
for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Profit for the year		**4,519**	2,342
Adjustments for:			
Depreciation and amortisation	9	**4,708**	5,484
(Gain)/Loss on disposal of tangible fixed assets		**(379)**	1,703
Foreign exchange (gain)	6	**(11,861)**	(586)
Interest receivable and similar income	6	**(7,904)**	(7,093)
Interest payable and similar charges	7	**7,258**	7,200
Taxation	8	**769**	1,464
		(2,890)	10,514
(Increase)/decrease in trade and other debtors		**(10,660)**	14,641
Decrease in stocks		**177**	160
(Decrease)/increase in trade and other creditors		**(17,189)**	1,458
		(30,562)	26,773
Interest paid		**(7,214)**	(7,160)
Tax paid		**(1,113)**	(4,578)
Net cash from operating activities		**(38,889)**	15,035
Cash flows from investing activities			
Interest received		**7,904**	7,093
Acquisition of intangible assets	9a	**(56)**	(202)
Acquisition of tangible fixed assets	9b	**(9,510)**	(11,538)
Proceeds from sale of PPE		**5,140**	5,069
Net cash from investing activities		**3,478**	422
Cash flows from financing activities			
Borrowing/(Repayment) of group and external facilities		**34,013**	(15,290)
Net cash from financing activities		**34,013**	(15,290)
Net (decrease)/increase in cash and cash equivalents		**(1,398)**	167
Cash and cash equivalents at 1 January		**429**	262
Cash and cash equivalents at 31 December		**(969)**	429

The attached notes form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

International Automotive Components Group Limited (the "Company") is a Company limited by shares and incorporated and domiciled in the UK. The registered number is 05611434 and the registered address is Building 2, Elmdon Trading Estate, Bickenhill Lane, Solihull, West Midlands, B37 7HE.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2017 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

1.2 Going concern

As the Company has net assets of £33,939,000 as at 31 December 2019, a profit for the year then ended of £4,519,000 and cash outflows from operation for the year of £38,889,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The response to the impact of COVID-19 is set out in the Principal Risks and Uncertainties section above. It is our view, to the best of our current knowledge, that although COVID-19 will have an adverse impact on the company, the measures taken by the Group will mitigate this in order that there is not a material effect on the company's ability to continue as a going concern.

The directors have prepared forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downside scenarios and the ongoing impact of COVID-19 and potential impact on volumes, the company will have sufficient funds, through its continued use of the Global Credit Facilities Agreement, made available by International Automotive Components Group SA, to meet its liabilities as they fall due for that period and therefore have prepared the financial statements on a going concern basis.

Those forecasts are dependent on IAC Group companies not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £6,377,000, and International Automotive Components Group SA maintaining financial support during that period. International Automotive Components Group SA has indicated it will continue to make available such funds as are needed by the company, and IAC Group companies do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

The Directors of the company have inquired of the Directors the Group and have obtained an update on the Going Concern assessment from date of sign off of the Group financial statements and also an update on the impact of COVID-19. The Directors have reviewed the stress testing on the forecasts prepared by group which focussed on reductions in vehicle volumes and have considered the results of these when comparing to the level of funding available and covenants in place. The levels of funding available includes assumptions as to the timing of payments to suppliers including amounts deferred for periods in excess of normal payment terms.

The Group continues to engage in certain working capital financing initiatives which impact cash flows from operations such as the sale of receivables, sale and leaseback of plant and equipment and the negotiation of extended payment terms with certain suppliers. These initiatives generally rely on the ongoing provision of credit by financial institutions to the parties subject to these arrangements and the extent to which these initiatives are used may fluctuate over time based on availability, cost and requirements. The stress testing performed by group assumes continuing availability of existing facilities and that further funding will be obtained.

Based on this going concern assessment and stress testing it was determined that the cash and debt position of the Group will be adequate to meet anticipated requirements for at least 12 months from the date of approval of these statements. In addition, it is considered remote that reduced vehicle volumes or EBITDA would be such that any covenants in place would be breached or that liquidity would not be in place.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

However, given the inherent uncertainties, the extent of the impact of the COVID-19 pandemic on the Group's operating results and cash flows is difficult to estimate and if the economic disruption is significantly greater than assumed, it could negatively impact the Group's assessment.

In particular, as a result of the company's reliance on Jaguar Land Rover as it's main customer, the Directors of this company consider that, due to circumstances outside their control, funding required may be significantly greater than assumed for the UK and a situation could arise which could impact the Company's ability to access additional funding should it be required. The negative impact of this material uncertainty casts significant doubt upon the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business

Whilst a material uncertainty exists for the Company; given the confirmation of support from the shareholders the Directors believe the Company should be well positioned to withstand the impact of COVID-19. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Basic financial instruments (continued)

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares

Investments in ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship.

1.7 Employee benefits

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.9 Turnover

Turnover represents sales of goods and services as part of the Company's ordinary activities net of value added tax.

Turnover is recognised when the risks and rewards of ownership have passed, which usually is on delivery of goods to the customer.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.13.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Tooling, plant and machinery - 3 – 7 years
- Leasehold improvements - 3 – 7 years
- Fixtures and fittings - 3 – 7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.12 Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are expensed as incurred. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes *(continued)*

1 Accounting policies (continued)

1.15 Accounting estimates and judgements

The principal accounting estimates, assumptions and judgements employed in the preparation of these financial statements which could affect the carrying amounts of assets and liabilities at the balance sheet dates are as follows:

Revenue recognition

Judgement is used by management to establish recognition of certain revenue streams such as lump sum settlements to and from the customer in relation to both retrospective price changes, and entrance fees.

Carrying value and useful economic life of tangible assets

Judgement has been used to establish the expected useful life of tangible assets. Refer to note 1.10 for further details.

Tax risks

The Company has ongoing open tax assessments; judgement has been used to assess the risk to the Company in relation to this and the directors have determined that no provision is required as at 31 December 2019.

Current asset provisions

Judgement is used by management to establish the net realisable value of various elements of working capital, principally inventory and trade receivables. Provisions are established for net realisable value and bad and doubtful debt risks. Provisions are based on the facts available at the time and applied to inventory and aged receivables.

In estimating the net realisable value of inventory, the Company performs an assessment on the likely value on realisation taking into account any relevant changes that may impact the value.

In estimating the collectability of remaining trade receivables (after the sale of factored receivables), the Company assesses their likely realisation, including the current creditworthiness of each customer and related ageing of past due balances.

Dilapidations

The Company has recognised a provision for dilapidations for the various UK sites that the company uses to manufacture its products. In determining the value of the provision, assumptions and estimates are made in relation to discount rates, and the expected costs to meet the obligations within each lease.

Direct Source Supplier Sales

IAC has certain contracts which require the use of suppliers selected by the customer for components which are incorporated into the final product sold by IAC (DSS sales). Judgement and interpretation are required to determine the appropriate accounting treatment for these transactions, in particular whether IAC acts as agent or principal and therefore whether to present these DSS sales gross or net. IAC has concluded that these transactions are recorded gross.

2 Turnover by location of immediate customer

	2019	2018
	£000	£000
UK	**347,406**	327,832
Mainland Europe	**5,886**	3,835
Rest of the World	**-**	835
	353,292	332,502

The Company operates as one operating segment.

Notes *(continued)*

3 Expenses and auditor's remuneration

	2019 £000	2018 £000
Included in the operating(loss)/profit are the following:		
Depreciation of owned tangible fixed assets	**4,647**	5,450
Amortisation of owned intangible assets	**60**	34
Hire of plant and machinery - rentals payable under operating leases	**3,169**	1,941
Hire of other assets – operating leases	**4,327**	3,421
(Gain)/Loss on sale of fixed assets	**(379)**	1,703
Foreign exchange (gains)/losses	**(11,861)**	(587)
Auditor's remuneration:		
Audit of these financial statements	**202**	120
Taxation	**-**	6
Other taxation services	**-**	24

4 Remuneration of directors

The directors of the Company are also directors of other companies within the IAC Group and receive remuneration for services provided to the IAC Group as a whole from other group companies. In both the current and preceding year, the directors have not received remuneration from the Company for their services. No recharges from the Group are received in relation to director services and the directors' roles are immaterial in relation to their wider role in the business.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was as follows:

	Number of employees 2019	2018
Production	**527**	529
Sales and administration	**748**	690
	1,275	1,219

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	**40,391**	42,837
Social security costs	**3,764**	3,709
Other pension costs (note 17)	**1,288**	1,565
	45,443	48,111

Notes *(continued)*

6 Other interest receivable and similar gains

	2019 £000	2018 £000
Inter-company interest income	**7,904**	7,093
Foreign exchange gain	**11,861**	586
	19,765	7,679

7 Other interest payable and similar charges

	2019 £000	2018 £000
External third party interest	**418**	201
Interest on amounts due to group undertaking	**5,070**	4,798
Factoring charge on sale of receivables (note 12)	**1,770**	2,201
	7,258	7,200

8 Taxation

Analysis of tax charge in year

	2019 £000	£000	2018 £000	£000
Current tax				
UK corporation tax on income for the year	**766**		1,198	
Adjustment in respect of prior periods	**(84)**		70	
Total current tax		**682**		1,268
Deferred tax (note 15)				
Origination and reversal of timing differences	**297**		(158)	
Effect of changes in tax rate	**-**		-	
Adjustment in respect of prior periods	**(210)**		354	
Total deferred tax		**87**		196
Tax charge on profit on ordinary activities		**769**		1,464

Notes *(continued)*

8 Taxation *(continued)*

Factors affecting the tax charge for the current period

The tax charge *(2018: charge)* for the current year is lower (*2018: higher*) than the standard rate of corporation tax in the UK of 19% *(2018: 19%)*. The differences are explained below:

	2019 £000	2018 £000
Reconciliation of effective tax rate		
Profit for the year	**4,519**	2,342
Total tax expense	**769**	1,464
Profit excluding taxation	**5,288**	3,806
Tax using the UK corporation tax rate of 19 % *(2018: 19%)*	**1,005**	723
Reduction in tax rate on deferred tax balances	**-**	-
(Non-taxable income) / non-deductible expenses	**82**	(7)
Permanent differences	**(24)**	324
Adjustment in respect of prior periods	**(294)**	424
Total tax expense included in profit and loss	**769**	1,464

Factors that may affect future current and total tax charges

Deferred tax assets and liabilities have been stated at the corporation tax rate of 17% (2018: 17%) reflecting the reduction in the UK Corporation Tax rate which was due to take effect from 1 April 2020. This rate was enacted on 15 September 2016 and remained in force at the Balance Sheet date. Subsequently, the UK Government announced in the Budget statement on 11 March 2020 that it will maintain the UK Corporation Tax rate at 19% from 1 April 2020. The effect of this change has not been reflected in the financial statements due to the relevant legislation not having been substantively enacted at the Balance Sheet date. The estimated effect on the Company would be an increase in its net deferred tax asset of £62 k.

The company also has open tax assessments for Corporate Tax for 2014 onwards.

Diverted Profit Tax

Subsequent to the balance sheet date, on 14 February 2020 HMRC issued a preliminary notice of assessment under the Diverted Profits Tax regime which came into effect in April 2015 with respect to a Corporation Tax assessment investigation that was on-going at 31 December 2019. Under this notice, IAC UK Limited was requested to pay additional tax and interest of £986,000 for the financial year ended 31 December 2015 in relation to factoring charges paid to IACG Europe Limited. Refer to Debtors note 12 for details of this ongoing factoring arrangement.

IAC UK Limited and its Directors do not believe that HMRC's basis for assessment falls within the scope of the Diverted Profits Tax regime. Accordingly, the Company intends to challenge the assessment and in order to avoid late payment interest and penalties, was required to pay the full amount assessed to HMRC in March 2020. The Company and its Directors are continuing to work to resolve this matter with HMRC.

The payment of this amount is not a reflection of IAC UK Limited or it's Directors' views on the merits of the case and, based on its current assessment, the Company considers that no provision is required in relation to Diverted Profits Tax at 31 December 2019 or at the date of approval of these financial statements.

Notes *(continued)*

9 Fixed Assets

9a Intangible fixed assets

	Computer Software £000	Total £000
Cost		
At beginning of year	202	202
Additions	71	71
Transfers	(14)	(14)
At end of year	259	259
Depreciation		
At beginning of year	34	34
Charge for the year	60	60
Transfers	2	2
At end of year	96	96
Net book value		
At 31 December 2019	**163**	**163**
At 31 December 2018	168	168

9b Tangible fixed assets

	Assets under course of construction £000	Tooling, plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Total £000
Cost					
At beginning of year	2,991	57,710	32	3,787	64,520
Additions	5,939	1,571	-	2,021	9,531
Transfers	(2,190)	2,184	-	6	-
Disposals	-	(5,828)	-	(925)	(6,753)
At end of year	6,740	55,637	32	4,889	67,298
Depreciation					
At beginning of year	-	40,369	32	2,545	42,946
Charge for the year	-	3,582	-	1,065	4,647
Transfer	-	(256)	-	-	(256)
Disposals	-	(910)	-	(806)	(1,716)
At end of year	-	42,785	32	2,804	45,621
Net book value					
At 31 December 2019	**6,740**	**12,852**	-	**2,085**	**21,677**
At 31 December 2018	2,991	17,341	-	1,242	21,574

Notes *(continued)*

10 Investments

	2019 £000	2018 £000
Investment in IAC Group (Slovakia) s.r.o*	**1**	1

* Registered office: Automobilovy Priemyselny Park, Sup.c.1006 Sk-90055 Lozorno.

11 Stocks

	2019 £000	2018 £000
Raw materials and consumables	**9,077**	9,396
Work in progress	**530**	549
Finished goods and goods for resale	**969**	808
	10,576	10,753

Raw materials and consumables, work in progress and changes in finished goods recognised as cost of sales in the period amounted to £265,922,000 *(2018: £253,398,000).*

12 Debtors

	2019 £000	2018 £000
Trade debtors	**9,596**	5,246
Amounts owed by group undertakings	**61,728**	74,133
Prepayments and accrued income	**1,548**	974
Other debtors	**157**	83
Long term rental deposit	**1,572**	1,572
Deferred tax (note 15)	**525**	612
	75,126	82,620

Under the amended financing arrangements described in note 14 the Company has continued to participate in the Receivables Purchase Agreement with a fellow subsidiary, IACG Europe Limited, registered in Ireland, under which the Company irrevocably transfers all of its rights, title and interest in trade receivables due from certain of its customers to IACG Europe Limited.

The transfer of receivables is without recourse, and the Company does not retain any benefits or risks of ownership (in particular the Company does not retain any credit risk arising from non-payment of the debt), and as a result the Company has derecognised the transferred receivables from its balance sheet.

The consideration for the transfer of receivables is their face value, less a factoring charge. The factoring charge for the current year of £1.8 million *(2018: £2.2 million)* is recorded within Interest Payable and Similar Charges in note 7.

Amounts owed by group undertakings includes funds advanced to IAC Europe (International Automotive Components Group Europe S.à.r.l). The loan bears interest at rates linked to LIBOR rates and is due in June 2024. Amounts owed by group undertakings also includes receivables for sales made at arm's length to fellow IAC Group companies.

Long term rental deposits

The long term rental deposits relate to deposits paid for the lease of new premises and machinery. £1,500,000 will be repaid to the Company at the end of the lease in 2030. £72,000 will be repaid to the Company at the end of the lease in 2023.

Notes *(continued)*

13 Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank overdraft	**969**	-
Trade creditors	**37,857**	37,822
Amounts owed to group undertakings	**6,377**	29,693
Corporation tax	**766**	1,198
Other taxes and social security	**9,195**	6,804
Other creditors	**491**	385
Accruals and deferred income	**8,185**	9,166
	63,840	85,068

Amounts owed to group undertakings relate to product purchases made from fellow IAC Group companies.

14 Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Other loans	**5,834**	-
Other creditors	**1,378**	1,057
	7,212	1,057

Other Loans
The other loans balance relates to a loan with Birmingham City Council and has an interest rate of 4% per annum. Final repayment date of the loan is 31st March 2023.

European Revolving Credit Facility
In January 2011, the Group entered into a receivable securitisation program (the "European Securitisation Program"). This was amended on 30 September 2015 when the IAC Group entered into the Amended and Restated Senior Secured Global Revolving Credit Facilities Agreement (the "Global Credit Facilities Agreement). In 2019, the Company refinanced its previous Global Credit Facilities Agreement ($113 million as of June 28, 2019) with proceeds from the new 2019 Global Credit Facilities Agreement. The 2019 Global Credit Facilities Agreement will mature on the earlier of June 28, 2024 or the date which is 91 days prior to the maturity of the Senior Secured Notes (after giving effect to any extension or refinancing thereof).

The 2019 Global Credit Facilities Agreement provides for up to $282 million in revolving loans (comprised of a $160 million US Revolving Credit Commitment (the "US Revolving Credit Facility") and a €110 million ($122 million at December 31, 2019) European Revolving Credit Commitment (the "European Revolving Credit Facility")), with a sub-limit of (i) up to €15 million for revolving loans to International Automotive Components Group Limited (the "UK Borrower") under the European Revolving Credit Facility (the "UK Revolving Credit Facility"), (ii) up to $25 million for revolving loans to International Automotive Components Canada ULC (the "Canadian Borrower") under the US Revolving Facility (the "Canadian Revolving Credit Facility"), (iii) up to $50 million in letters of credit under the US Revolving Credit Facility, (iv) up to $25 million for swingline loans under the US Revolving Credit Facility, (v) up to €25 million for swingline loans under the European Revolving Credit Facility and (vi) up to $5 million for swingline loans under the Canadian Revolving Credit Facility.

During 2019, certain subsidiaries of the Company entered into the First Amendment to the 2019 Global Credit Facilities Agreement (the "First Amendment"). The provisions of the First Amendment, among other things, permits liens incurred pursuant to certain tooling accounts receivable financed outside the 2019 Global Credit Facilities Agreement.

Notes *(continued)*

14 Creditors *(continued)*

The facility allows the group to make loans, acquisitions and investments, including loans to and investments in our European and Rest of World operations, subject to compliance with certain baskets and other limitations. Advances under the facility bear interest at a rate of LIBOR or an alternative base rate, plus a margin. The margin is calculated based on the average daily balance of outstanding loans and letters of credit from time to time under the facility.

Availability under the European Revolving Credit Facility at any time is limited to the lower of (a) the total revolving loan commitments under the European Revolving Credit Facility in effect at such time minus the UK revolving credit outstanding and (b) a borrowing base comprising of (i) 85% of the Net Eligible Receivables (Europe) Balance (as defined therein), subject to downward adjustment based upon the European Dilution Rate; minus (ii) any reserves established in accordance with the facility documentation (including concentration limits for certain customers).

Availability under the UK Revolving Credit Facility at any time is limited to the lower of (a) the total revolving loan commitments under the UK Revolving Credit Facility in effect at such time minus the amount, if any, by which the European Revolving Credit Facility program at such time exceeds the base European revolving credit commitment amount and (b) a borrowing base comprising (i) 65% of eligible inventory of the UK Borrower consisting of raw materials and work in process or 85% of the net orderly liquidation value of such eligible inventory of the UK Borrower (whichever is lower); plus (ii) the lesser of 75% of eligible inventory of the UK Borrower consisting of finished goods or 85% of the net orderly liquidation value of such eligible inventory of the UK Borrower (whichever is lower); plus (iii) the applicable fixed asset advance equal to the lesser of (A) 85% of the net orderly liquidation value of eligible equipment of the UK Borrower and (B) €6.5 million (which amount shall be reduced by the monthly fixed asset amortization amount), minus (iv) any reserves established in accordance with the facility documentation (including concentration limits for certain customers).

As of December 31, 2019, the calculated remaining borrowing capacity under the 2019 Global Credit Facilities Agreement was $84 million, with $59 million of availability after consideration of the liquidity reporting thresholds. As of December 31, 2018, the calculated remaining borrowing capacity under the Global Credit Facilities Agreement was $98 million, with $65 million of availability after consideration of related liquidity reporting thresholds.

The European Revolving Credit Facility is secured by fixed charges over certain assets of and floating charges over all of the assets of, IACG Europe Limited (the "European Borrower" and, together with the US Borrower, the Canadian Borrower and the UK Borrower, the "Borrowers") (including a fixed charge over its accounts receivable, other than the sale to the European Borrower of accounts receivable financed through factoring arrangements outside the 2019 Global Credit Facilities Arrangement and certain tooling accounts receivable financed outside the 2019 Global Credit Facilities) and a first priority perfected share charge over all of the outstanding capital stock or other equity securities of the European Borrower and pledges over the European Borrower's various collection accounts located in Germany. The European Revolving Credit Facility is also guaranteed by the US Loan Parties and secured by a second priority perfected security interest in the US Collateral and the Canadian Collateral.

The 2019 Global Credit Facilities Agreement contains a springing minimum consolidated fixed charge coverage ratio financial covenant. A "Trigger Period" will occur on the earlier of the (a) date that the aggregate borrowing availability is less than the greater of $25 million and 10% of aggregate revolving credit commitments for any two consecutive business days, (b) occurrence of a specified event of default or (c) occurrence of certain events of default or willful and fraudulent material misrepresentation in a borrowing base certificate. As of December 31, 2019, the Borrowers have not triggered covenant reporting and, as such, no financial covenants were in effect.

During the second quarter of 2020, certain subsidiaries of International Automotive Components Group North America, LLC entered into the Third Amendment to the 2019 Global Credit Facilities Agreement (the "Third Amendment"). The provisions of the Third Amendment, among other things, (i) made certain changes to accommodate the contemplated issuance of new senior secured notes, (ii) increased the interest rate floor applicable to LIBOR and CDOR loans from 0% to 0.75%, (iii) provided for temporary modifications for the period commencing June 11, 2020 and ending September 30, 2020 (the "Relief Period"), in order to, among other things, relax certain requirements related to triggering cash dominion and the springing financial covenant and provide additional flexibility and (iv) increased the applicable interest rate margin to 1.00% for base rate loans and 2.00% for Eurodollar rate loans at all times during the Relief Period.

During the year €nil million (2018: €4.7 million) was drawn down by the Company on the external finance facility and €nil million remained outstanding at the year end (2018: €nil).

Notes *(continued)*

15 Deferred tax assets and liabilities

Deferred tax (assets) and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	**2019**	2018	**2019**	2018
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**(525)**	(612)	**-**	-	**(525)**	(612)
Tax (assets) / liabilities	**(525)**	(612)	**-**	-	**(525)**	(612)
Net of tax liabilities/(assets)	**-**	-	**-**	-	**-**	-
Net tax (assets) / liabilities	**(525)**	(612)	**-**	-	**(525)**	(612)

16 Called up share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid:		
9,450,748 ordinary shares of £1 each	**9,451**	9,451

17 Pension contributions

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,288,000 *(2018: £1,565,000)*.

Contributions amounting to £nil *(2018: £nil)* are payable to the scheme at year end.

18 Capital expenditure commitments

At 31 December 2019, the Company had capital expenditure contracted for but not provided in these financial statements of £13.8m *(2018: £nil)*.

19 Obligations under leases

At 31 December 2019, the Company had total commitments under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Operating leases which expire:		
Within one year	**7,416**	5,599
Between two and five years	**31,368**	18,625
In more than five years	**32,404**	18,038
	71,188	42,262

Lease payments which have been recognised as an expense in the year were £6,991,000 *(2018: £5,362,000)*.

Notes *(continued)*

20 Related parties

The company has taken advantage of the exemption conferred by Section 33 of Financial Reporting Standard 102 not to disclose transactions with other group entities whose voting rights are 100% controlled within the group.

The Company is controlled by International Automotive Components Group North America LLC, a Group with an equity interest in the Auria Group.

During the year the following related party transactions have occurred with Auria Companies:

	Sales and recharges £000	Purchases and recharges £000
Auria Solutions UK1 Limited	1,911	13,953
Auria Solutions Germany GmbH	-	9
Auria Slovakia s.r.o	157	-

As at the balance sheet date, the following balances were outstanding with Auria Companies:

	Receivables £000	Payables £000
Auria Solutions UK1 Limited	274	1,861
Auria Solutions Germany GmbH	-	-
Auria Slovakia s.r.o	54	-

There are no further key management personnel other than directors.

No amounts have been paid by the Company to directors for their services.

21 Ultimate holding company and controlling parties

The Company is a subsidiary undertaking of International Automotive Components Group Europe S.à.r.l. which is a subsidiary undertaking of International Automotive Components Group SA (the Group), with both companies having their registered offices at 4, Rue Lou Hemmer L-1748, Findel, Luxembourg. On 31st December 2019, the ultimate holding company and controlling party was International Automotive Components Group North America LLC, whose registered office was at Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. This entity is both the highest and lowest parent within the group which draws up group accounts that include this Company and its accounts are not available to the public.

22 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2019 £000	2018 £000
Assets held at cost less impairments	21,677	21,742
Assets held at amortised cost	72,084	81,463
Liabilities measured at amortised cost	44,234	67,515

Notes *(continued)*

23 Dilapidations Provision

At 31 December 2019, the Company had dilapidations provisions in relation to leased buildings as follows:

	Reinstatement £000	Degradation £000	Total £000
Elmdon	750	205	**955**
Halewood	795	100	**895**
Scunthorpe	514	188	**702**
Total	2,059	493	**2,552**

24 Subsequent Events

The principal events that have occurred since the date of these statements, that may have an impact on their interpretation are set out below.

COVID-19

COVID-19 was declared as a pandemic by the WHO on 11 March 2020 and is considered a non adjusting post balance sheet event. The spread of the COVID-19 outbreak has caused severe disruptions in the UK and global economy. We are closely monitoring the potential impact of COVID-19 on our 2020 financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business. The most significant impact on our financial results and cashflows resulting from COVID-19 is driven by plant shutdowns both within IAC and our customers. Our top priority remains the health and safety of our staff. Please refer to the Principal Risks and Uncertainties section of the Strategic Report and Going Concern section of the Director's report for further details on the company's response to COVID-19 and the impact on the business.

As COVID-19 is considered a non-adjusting subsequent event, any impact on the recoverability of assets in the balance sheet including fixed assets has not been adjusted. There is a risk that the lockdowns driven by COVID-19 result in an impact to future programmes and volumes that may affect the recoverability of assets currently held; however, this cannot be quantified at this time. These assets are not programme specific and could be utilised for alternative programmes if required.